

# The Economic Value of Keweenaw Bay Ojibwa Community College



Keweenaw Bay Ojibwa Community College (KBOCC) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students and society—along with benefits to U.S. and Michigan taxpayers. 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) 2022-23.

### Economic impact analysis

In FY 2022-23, KBOCC added **\$3.7 million** in income to the L'Anse Indian Reservation & Surrounding Areas' economy, a value approximately equal to **1.1%** of the region's total gross regional product (GRP). Expressed in terms of jobs, KBOCC's impact supported **69 jobs**. For perspective, the activities of KBOCC and its students support **one out of every 56 jobs** in the L'Anse Indian Reservation & Surrounding Areas.



\* For the purposes of this analysis, the L'Anse Indian Reservation & Surrounding Areas are represented by Baraga County, Michigan.

### Operations spending impact

- KBOCC employed 55 full-time and part-time faculty and staff. Payroll amounted to \$2.6 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 \$5.0 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college's operations spending added **\$2.8 million** in income to the regional economy in FY 2022-23.

### Construction spending impact

- KBOCC invests in capital projects 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 KBOCC's construction spending in FY 2022-23 was **\$32.7 thousand** in added income for the L'Anse Indian Reservation & Surrounding Areas.

### Student spending impact

- Some in-region students, referred to as retained students, would have left the L'Anse Indian Reservation & Surrounding Areas for other educational opportunities if not for KBOCC. These retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- In-region students who would have remained in the L'Anse Indian Reservation & Surrounding Areas even if KBOCC had not existed spent more money in the region while attending college because of the federal scholarships and grants they received.
- The expenditures of these students in FY 2022-23 added **\$49.1 thousand** in income to the L'Anse Indian Reservation & Surrounding Areas economy.

### Alumni impact

- Over the years, students have studied at KBOCC and entered or re-entered the workforce with newly acquired knowledge and skills. Today, many of these former students are employed in the L'Anse Indian Reservation & Surrounding Areas.
- The net impact of KBOCC's former students currently employed in the regional workforce amounted to **\$749.5 thousand** in added income in FY 2022-23.

#### Impacts created by KBOCC in FY 2022-23



Operations spending impact

**\$2.8 million**

+



Construction spending impact

**\$32.7 thousand**

+



Student spending impact

**\$49.1 thousand**

+



Alumni impact

**\$749.5 thousand**



Total economic impact

**\$3.7 million**

OR



Jobs supported

**69**





## Investment analysis

### Student perspective

- KBOCC's FY 2022-23 students paid a present value of **\$156.2 thousand** to cover the cost of tuition, fees, and supplies. They also forwent a value of **\$719.3 thousand** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$4.3 million** in increased earnings over their working lives. This translates to a return of **\$4.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **22.0%**.

### Taxpayer perspective

- As a result of KBOCC, taxpayers across the U.S. will benefit from added tax revenue stemming from students' higher lifetime earnings and increased business output, amounting to **\$4.2 million**. A reduced demand for government-funded services in the U.S. will add another **\$367.3 thousand** in benefits to taxpayers. Total benefits to U.S. taxpayers amount to **\$4.5 million**, the present value sum of the added tax revenue and public sector savings.
- At the state level, the added tax revenues and government savings created in Michigan amount to **\$1.5 million** in benefits.

### Social perspective

- In FY 2022-23, society invested **\$8.2 million** to support KBOCC. In turn, the U.S. economy will grow by **\$16.0 million** over the course of students' working lives. Society will also benefit from **\$645.9 thousand** of public and private sector savings.
- For every dollar invested in KBOCC in FY 2022-23, people in the U.S. will receive **\$2.00** in return, for as long as KBOCC's FY 2022-23 students remain active in the state workforce. This means that the benefits not only cover the cost of society's funding, but generate a surplus of benefits for people in the U.S.

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



Average annual return for KBOCC students  
**22.0%**



Stock market 30-year average annual return  
**10.1%**



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

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

#### For every \$1...



Students gain in lifetime earnings  
**\$4.90**



Society gains in added income and social savings  
**\$2.00**

#### In total...



U.S. taxpayers gain in added tax revenue and public sector savings  
**\$4.5 million**



Michigan taxpayers gain in added tax revenue and public sector savings  
**\$1.5 million**

