



Executive Summary

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The Economic Value of Nebraska Indian Community College



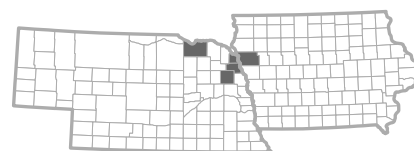
Reflects FY 2022-23



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

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

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



The NICC Service Region
(in Nebraska and Iowa)

NICC 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 NICC Service Region economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, national taxpayers, and society, along with benefits to taxpayers in Nebraska, are reported under the investment analysis.

* For the purposes of this analysis, the NICC Service Region is comprised of Cuming, Dakota, Knox, and Thurston Counties in Nebraska and Woodbury County in Iowa.



Economic impact analysis



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

Operations spending impact



NICC adds economic value to the NICC Service Region as an employer of regional residents and a large-scale buyer of goods and services. In FY 2022-23, the college employed 120 full-time and part-time faculty and staff, 72% of whom lived in the NICC Service Region. Total payroll at NICC was \$3.9 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 \$4.3 million on expenses related to facilities, supplies, and professional services (excluding construction).

NICC's operations spending added \$4.8 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 \$4.8 million in added income is equivalent to supporting 108 jobs in the region.

Construction spending impact



NICC invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the regional economy. In FY 2022-23, NICC's construction spending generated \$630.4 thousand in added income, which is equivalent to supporting seven jobs.

Impacts created by
NICC in FY 2022-23



Operations spending impact

\$4.8 million

+



Construction spending impact

\$0.6 million

+



Student spending impact

\$0.6 million

+



Alumni impact

\$3.9 million



Total economic impact

\$10.0 million

OR



Jobs supported

178



Student spending impact



Some in-region students, referred to as retained students, would have left the NICC Service Region if not for the existence of NICC. While attending the college, these retained students spent money on groceries, accommodation, transportation, and other household expenses. Also attributable to NICC is the increased spending of in-region students who would have remained in the NICC Service Region even if the college had not existed. Because of the federal scholarships and grants these students received, they spend more money in the region while attending college than they would have had they not attended NICC. In total, this NICC student spending impact generated \$596.9 thousand in added income for the regional economy in FY 2022-23, which supported 11 jobs in the NICC Service Region.

Alumni impact



The education and training NICC provides for regional residents represents the economic impact unique to educational institutions. Since the establishment of the college, students have studied at NICC and entered the regional workforce with greater knowledge and new skills. Today, thousands of former NICC students are employed in the NICC Service Region. As a result of their education from NICC, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, NICC alumni generated \$3.9 million in added income for the regional economy, which is equivalent to supporting 51 jobs.

Total impact

NICC added \$10.0 million in income to the NICC Service Region economy during the analysis year, equal to the sum of the operations and construction spending impacts; the student spending impact; and the alumni impact.

NICC's total impact can also be expressed in terms of jobs supported. The \$10.0 million impact supported 178 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the \$10.0 million, or 178 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of NICC and its students and the activities of its alumni in the Construction industry sector supported 21 jobs in FY 2022-23. If the college did not exist, these impacts would not have been generated in the NICC Service Region.

NICC impacts by industry (jobs supported)



The **\$10.0 million** total impact supported **178 jobs** in the NICC Service Region.

Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates NICC as an investment from the perspectives of students, national taxpayers, and society. In addition, the benefits received by Nebraska taxpayers are measured. As with the economic impact analysis, this analysis considers only FY 2022-23 activities.

Student perspective



In FY 2022-23, NICC served 764 credit and 283 non-credit students. In order to attend the college, the students paid for tuition and fees. They also gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by NICC's students in FY 2022-23 amounted to a present value of \$1.4 million, equal to \$478.2 thousand in out-of-pocket expenses and \$958.9 thousand in forgone time and money.

In return for their investment, NICC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average NICC 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 Nebraska. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$344,400 in higher earnings per graduate. The present value of the cumulative higher future earnings that NICC's FY 2022-23 students will receive over their working careers is \$10.6 million.

The students' benefit-cost ratio is 7.4. In other words, for every dollar students invest in NICC in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$7.40 in higher future earnings. Annually, the students' investment in NICC has an average annual internal rate of return of 21.3%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

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



Average annual return for NICC students

21.3%



Stock market 30-year average annual return

10.1%



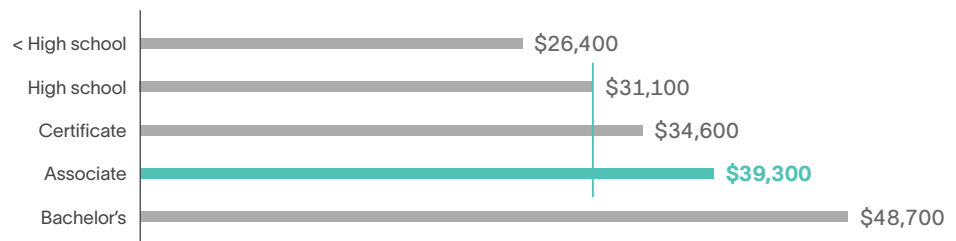
Interest earned on savings account (national deposit rate)

0.5%

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

Average earnings by education level at career midpoint

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



Source: Lightcast employment data



Taxpayer perspective



NICC generates more in national tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the government will collect from the added revenue created in the nation and state. As NICC 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 government will have collected a present value of \$14.3 million in added taxes. At the state level, Nebraska will have collected a present value of \$1.8 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of NICC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that NICC 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. NICC 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 NICC will generate \$1.3 million in savings to national taxpayers. Taxpayers in Nebraska will experience \$304.7 thousand in government savings.

Total national taxpayer benefits amount to \$15.6 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$9.1 million, equal to the amount of government funding NICC received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 1.7. This means that for every dollar of public money invested in NICC in FY 2022-23, taxpayers in the U.S. will receive a cumulative present value of \$1.70 over the course of the students' working lives. In other words, NICC generates more benefits for national taxpayers than it costs to support.

Although it is not recommended to directly compare benefit-cost ratios between institutions since many factors influence them, any benefit-cost ratio above 1.0 is significant and indicates that the institution generates a surplus of benefits. Additionally, The average annual internal rate of return for taxpayers is 3.3%, which compares favorably to other long-term investments in the public sector. From the state perspective, Nebraska taxpayer benefits amount to \$2.1 million, which will accrue in the future as long as the FY 2022-23 student population of NICC remains in the state workforce.

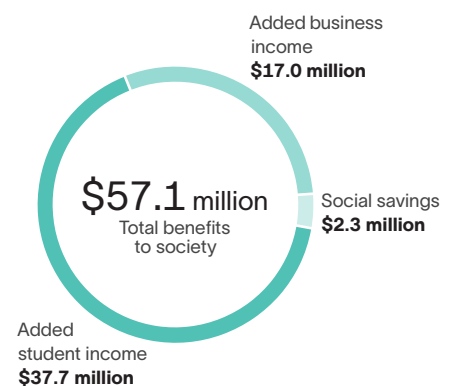
Social perspective



Society benefits from the presence of NICC in two major ways. Primarily, society benefits from an increased economic base in the nation. 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 the U.S.

For every dollar of public money invested in NICC, taxpayers in the U.S. will receive a cumulative value of **\$1.70** over the course of the students' working lives. At the state level, Nebraska taxpayers will receive a total of **\$2.1 million** in benefits.

Social benefits from NICC nationwide



Source: Lightcast impact model



Benefits to society also consist of the savings generated by the improved lifestyles of NICC 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. 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 NICC equal a present value of \$57.1 million to the U.S. These benefits include \$37.7 million in added student income, \$17.0 million in added business income, as well as \$2.3 million in social savings related to health, the justice system, and income assistance. People in the U.S. invested a present value total of \$10.6 million in NICC in FY 2022-23. The cost includes all government funding and student costs.

The benefit-cost ratio for society is 5.4, equal to the \$57.1 million in benefits divided by the \$10.6 million in costs. In other words, for every dollar invested in NICC, people across the nation will receive a cumulative value of \$5.40 in benefits. This means that the benefits not only cover the cost of society's funding but also generate a surplus of benefits for people in the U.S. The benefits of this investment will occur for as long as NICC's FY 2022-23 students remain employed in the workforce.



Summary of investment analysis results

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

Summary of investment analysis results

Student perspective

Present value benefits

\$10.6 million

Present value costs

\$1.4 million

Net present value

\$9.1 million

Benefit-cost ratio	Rate of return
7.4	21.3%

Taxpayer perspective

National taxpayers

Present value benefits

\$15.6 million

Present value costs

\$9.1 million

Net present value

\$6.5 million

Benefit-cost ratio	Rate of return
1.7	3.3%

State taxpayers

Present value benefits

\$2.1 million

Social perspective

Present value benefits

\$57.1 million

Present value costs

\$10.6 million

Net present value

\$46.5 million

Benefit-cost ratio	Rate of return
5.4	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 NICC 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. NICC enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, NICC benefits society as a whole in the U.S. 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 NICC, 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.



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