



# Higher education pays off for people and communities

By Spiros Protopsaltis, policy analyst

A college education gives people social and civic benefits, but most importantly, it gives graduates a significant boost in earnings potential. In today's knowledge-driven and increasingly global economy, a college education is more important than ever. Without it, families face enormous barriers to achieving self-sufficiency and being able to support themselves without help from public agencies, charities, relatives or friends.

In Alamosa and Huerfano counties, for a family of four (two adults, one preschooler and one school-age child) to be completely self sufficient, their income must exceed the median earnings of a worker with an associate degree.

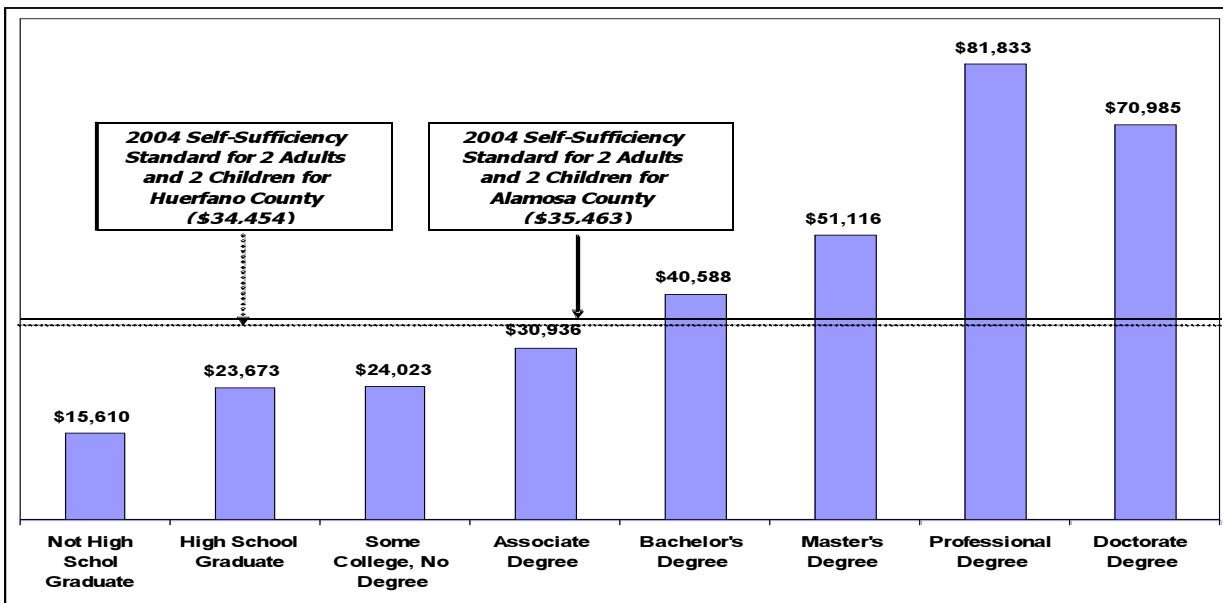


Figure 1: Median earnings of adult workers in the U.S., by educational attainment (2003)

Sources: U.S. Census Bureau, 2004 Current Population Survey, Table 9: Earnings in 2003 by Educational Attainment of Workers 18 Years and Over, by Age, Sex, Race Alone, and Hispanic Origin; Diana Pierce. 2004. The Self-Sufficiency Standard for Colorado 2004: A Family Needs Budget.

Colorado is the second most educated state in the nation after Massachusetts, as measured by the percent of the adult population with a bachelor's degree or higher. But educational attainment is not equal in all counties. Prosperity is lower where fewer adults have graduated from high school and college. Unless Colorado provides an opportunity to postsecondary access and success to all, the gaps among regions will continue to widen.

Table 1: Educational attainment and economic outcomes in Colorado, Alamosa County and Huerfano County

	Colorado	Alamosa County	Huerfano County
High school graduates over 25 (2000)	86.9%	82.6%	77.8%
Bachelor's degree or higher over 25 (2000)	32.7%	27%	16.1%
People living below poverty level (1999)	9.3%	21.3%	18%
Median household income (1999)	\$47,203	\$29,447	\$25,775

Source: U.S. Census Bureau, *Quick Facts*



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## Colleges pay off for local economies

State colleges and community colleges increase labor market success and earnings for individuals, and serve as a powerful economic engine for communities. Adams State College provides an affordable college education to residents of the San Luis Valley, and enhances the region’s quality of life. And Adams – the single largest employer in the valley — has a significant impact on the regional economy.

In FY 2003-04, spending by Adams State College and its more than 500 employees and 3,500 students had a direct economic impact of \$40 million for the San Luis Valley economy. With a modest multiplier of 1.7 to 1.9 percent, the college’s total impact tops \$70 million, which equals almost 20 percent of all personal income in Alamosa County. Adams represents more than 30 percent of the basic income needed to drive the valley’s economy, and is the valley’s top industries, behind agriculture at \$95 million and tourism at \$44 million.



Furthermore, Adams State generates an additional 265 off-campus jobs to the campus workforce of 530, which means an employment multiplier of 1.5 or one job off campus for every two campus jobs.

Table 2: Adams State College economic impact components

Expenditure Category	Direct Impact	Multiplier	Total Impact	Percent
Events and visitors	\$1,816,500	1.7	\$3,088,000	4.4%
College purchases & expenses	\$3,315,600	1.9	\$6,299,600	9%
Employees	\$8,766,300	1.7	\$14,902,700	21.2%
Students	\$26,956,200	1.7	\$45,825,500	65.4%
<b>Total</b>	<b>\$40,854,600</b>		<b>\$70,115,800</b>	<b>100%</b>

Source: Adams State College — Economic Impact Analysis and Report, San Luis Valley and Colorado (John S. Stump, San Luis Valley Development Resource Group, March 2005).

The college also benefits the state’s overall economy. The San Luis Valley Development Resource Group estimates the college spends more than \$9 million a year outside the valley. Using a multiplier, the total impact grows to \$16 million. Added to the \$70 million total benefit inside the valley, the college is worth an estimated \$86 million a year to Colorado. Using these figures, Adams State returns \$7.10 in statewide economic benefits for every \$1 it receives in state funding.

## Adams State fared well against budget cuts, but student financial aid fell

When the recession hit and tax revenues took a dive, state lawmakers cut \$160 million from higher education funding from 2001-05, a 21 percent decrease. With a strong enrollment and an effective presence at the state Capitol, Adams State did not suffer major cuts. Annual general fund appropriations to Adams State College grew by 15.7 percent from FY 2002 to FY 2005.

Table 3: State funding to Adams State, 2001-02 to 2004-05

Fiscal year	2001-02	2002-03	2003-04	2004-05
General fund appropriations	\$15,027,574	\$16,133,487	\$17,024,512	\$17,379,465
Annual percent change		7.4%	5.5%	2.1%

Source: Joint Budget Committee

Adams State has been lucky, but it will be harder to defend the college against state budget cuts in the future if referenda C and D do not pass. Look no farther than Mesa State College in Grand Junction, where per-pupil spending and financial aid to low-income students both fell by 9 percent from 2001-02 to 2004-05.



During the same period, Adams State experienced a slight enrollment growth.



Table 4: Enrollment changes at Adams State, 2001-02 to 2004-05

<b>Fiscal year</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
<b>Fall enrollment total headcount</b>	2,575	2,613	2,671	2,628
<b>Annual percent change</b>		<b>1.5%</b>	<b>2.2%</b>	<b>- 1.6%</b>
<b>Fall enrollment resident headcount</b>		2,262	2,363	2,352
<b>Annual percent change</b>			<b>4.5%</b>	<b>- 0.5%</b>

Source: Colorado Commission on Higher Education

Adams State has also raised revenues by instituting tuition and fee increases, cumulatively adding up to 14 percent in four years.

Table 5: Tuition increase at Adams State, 2001 to 2005

	<b>2001</b>	<b>2005</b>	<b>Percent change</b>
<b>Average annual resident undergraduate tuition and fees</b>	\$2,278	\$2,603	<b>14.3%</b>

Source: Western Interstate Commission for Higher Education

State-funded financial aid has been unable to keep pace with the tuition increases. While the allocation of financial aid to Adams State increased from FY 2002 to FY 2003, it has decreased for two consecutive years to the lowest level in four years.

Table 6: Total state financial aid for students at Adams State, 2001-02 to 2004-05

<b>Fiscal year</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
<b>State financial aid allocation</b>	\$1,734,793	\$2,035,007	\$1,714,311	\$1,668,487
<b>Annual percent change</b>		<b>17.3%</b>	<b>- 15.7%</b>	<b>- 2.3%</b>

Source: Colorado Commission on Higher Education

As a result, state-funded financial aid per resident student has decreased significantly in the past two years.

Table 7: Per student state financial aid at Adams State, 2002-03 to 2004-05

<b>Fiscal year</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
<b>State financial aid dollars per resident student</b>	\$900	\$725	\$709
<b>Annual percent change</b>		<b>- 19.4%</b>	<b>- 2.2%</b>

Source: Colorado Commission on Higher Education