

The Economic Value of the North Dakota Tribal Colleges

FACT SHEET



IMPACTS CREATED BY THE ND TRIBAL COLLEGES IN FY 2018-19

THE North Dakota Tribal Colleges (ND Tribal Colleges) create a significant positive impact on the business community and generate a return on investment to 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) 2018-19.

Economic impact analysis

In FY 2018-19, the ND Tribal Colleges added **\$145.1 million** in income to the North Dakota economy, a value approximately equal to **0.3%** of the state's total gross state product (GSP). Expressed in terms of jobs, the ND Tribal Colleges' impact supported **1,995 jobs**.

OPERATIONS SPENDING IMPACT

- The ND Tribal Colleges employed 757 full-time and part-time faculty and staff. Payroll amounted to \$39.1 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$29.5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the colleges' operations spending added **\$55.5 million** in income to the state economy in FY 2018-19.

STUDENT SPENDING IMPACT

- Around 12% of students attending the colleges originated from outside the state. Some of these students relocated to North Dakota. In addition, some in-state students, referred to as retained students, would have left North Dakota for other educational opportunities if not for the ND Tribal Colleges. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.
- In-state students who would have remained in North Dakota even if the ND Tribal Colleges did not exist spend more money in the state while attending college because of the scholarships and grants they receive.
- The expenditures of relocated and retained students in FY 2018-19 added **\$5.1 million** in income to the North Dakota economy.

* The following colleges comprise the ND Tribal Colleges: Cankdeska Cikana Community College, Nueta Hidatsa Sahnish College, Sitting Bull College, Turtle Mountain Community College, and United Tribes Technical College.

\$55.5 million
Operations Spending Impact

\$5.1 million
Student Spending Impact

\$84.5 million
Alumni Impact

\$145.1 million
TOTAL IMPACT

- OR -

1,995
JOBS SUPPORTED



ALUMNI IMPACT

- Over the years, students have studied at the colleges and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in North Dakota.
- The net impact of the ND Tribal Colleges' former students currently employed in the state workforce amounted to **\$84.5 million** in added income in FY 2018-19.



Investment analysis

STUDENT PERSPECTIVE

- The ND Tribal Colleges' FY 2018-19 students paid a present value of **\$7.1 million** to cover the cost of tuition, fees, and supplies. They also forewent **\$8.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$53.9 million** in increased earnings over their working lives. This translates to a return of **\$3.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **16.2%**.

TAXPAYER PERSPECTIVE

- Taxpayers in the U.S. provided the ND Tribal Colleges with **\$64.2 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$65.7 million**. A reduced demand for government-funded services in the nation will add another **\$4.9 million** in benefits to national taxpayers.
- For every dollar of public money invested in the ND Tribal Colleges, taxpayers in the U.S. will receive **\$1.10** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **2.2%**.
- At the state level, the added tax revenues and government savings created in North Dakota amount to **\$15.4 million** in benefits.

SOCIAL PERSPECTIVE

- In FY 2018-19, society invested **\$78.4 million** to support the ND Tribal Colleges. In turn, the national economy will grow by **\$253.5 million**, over the course of students' working lives. Society will also benefit from **\$9.2 million** of public and private sector savings.
- For every dollar invested in the ND Tribal Colleges in FY 2018-19, people across the U.S. will receive **\$3.40** in return, for as long as the ND Tribal Colleges' FY 2018-19 students remain active in the 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 THE ND TRIBAL COLLEGES



16.2%

Average annual return for the ND Tribal Colleges' students



9.9%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



FOR EVERY \$1...



Students gain

\$3.40

in lifetime earnings



Taxpayers gain

\$1.10

in added tax revenue and public sector savings



Society gains

\$3.40

in added income and social savings



North Dakota taxpayers gain

\$15.4 million

in added tax revenues and public sector savings

