**CF** is a sound investment from multiple perspectives. The college enriches the lives of students and increases their lifetime incomes.

**CF** benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing the demand for taxpayer-supported social services. It contributes to the vitality of both local and state economies.

—an equal opportunity college—
Executive Summary

INTRODUCTION

How do the tricounty service area economy and the state of Florida benefit from the presence of College of Central Florida?

In this study, Economic Modeling Specialists Inc. applies a comprehensive model designed to quantify the economic benefits of community and technical colleges and translate these into common sense benefit/cost and investment terms. The study includes two major analyses:

1. **Investment Analysis**: Treats education funding as an investment, calculating all measurable returns and comparing them to costs, from the perspectives of students, taxpayers and society as a whole.

2. **Economic Growth Analysis**: Measures added income in the region due to college operations, student spending, and the accumulated skills of past and present students still in the workforce.

The economic impact model has been field-tested to generate more than 900 studies for community, technical, and further education colleges in the U.S., Canada, the U.K., and Australia. To see the full documentation of the study, please contact the college.

THE RESULTS

**Investment Analysis**

**Student Perspective**

Benefits of higher education are most obvious from the student perspective: students sacrifice current earnings (as well as money to pay for tuition) in return for a lifetime of higher income. Compared to someone with a high school diploma, associate degree graduates earn $8,100 more per year, on average, over the course of a working lifetime (undiscounted).

From an investment standpoint, CF students enjoy a 15.6 percent rate of return on their investments of time and money. This compares favorably with returns on other investments, e.g., long-term return on stocks and bonds.

The corresponding benefit/cost ratio is 4.2, i.e., for every dollar students invest in CF education, they receive a cumulative of $4.20 in higher future income over their working careers. This is a real return that accounts for any discounting that occurs during the entire period. The payback period is 9 years.

**Social Perspective**

From the perspective of society as a whole, the benefits of education accrue to different publics. For example, CF students expand the state’s economic base through their higher incomes, while the businesses that employ them also become more productive through the students’ added skills. These benefits, together with the associated ripple effects, contribute an estimated $31.9 million in taxable income to the Florida economy each year.

As they achieve higher levels of education, CF students are also less likely to smoke or abuse alcohol, draw welfare or unemployment benefits, or commit crimes. This translates into associated dollar savings (i.e., avoided costs) to the public equal to approximately $2.7 million annually. These are benefits that are incidental to the operations of CF and accrue for years into the future, for as long as students remain active in the workforce.

**Annual Benefits to the Florida Public Due to CF ($ Millions)**

- **Social savings**, $2.7
- **Added income**, $31.9

www.CF.edu/Impact
To compare benefits to costs, we project benefits into the future, discount them back to the present, and weigh them against the $25.7 million that state and local taxpayers spent in fiscal year 2010-2011 to support the college. Following this procedure, it is estimated that CF provides a benefit/cost ratio of 22.2, i.e., every dollar of state and local tax money invested in the college today yields a cumulative of $22.20 in benefits that accrue to all Florida residents, in terms of added taxable income and avoided social costs.

**Taxpayer Perspective**

Under the taxpayer perspective, only benefits that accrue to state and local governments are counted, namely, increased tax collections and reduced government expenditures. For example, in place of increased income, the taxpayer perspective includes only the increased state and local tax receipts from those higher incomes. Similarly, in place of overall crime, welfare, unemployment and health savings, the taxpayer perspective includes only those that translate to actual reductions in state and local government expenditures.

Note here that government often undertakes activities wanted by the public, but which may be unprofitable in the marketplace. This means that positive economic returns are generally not expected from government investments. From the taxpayer perspective, therefore, even a small positive return (a benefit/cost ratio equal to or greater than 1, or a rate of return equal to or greater than the 3 percent discount rate used in the taxpayer investment analysis) would be a favorable outcome.

For CF, the results indicate positive returns: a rate of return of 9.2 percent and a benefit/cost ratio of 2.4 (every dollar of state or local tax money invested in CF today returns $2.40).

**Economic Growth Analysis**

CF affects the local economy in three ways: (1) through its local purchases, including wages paid to faculty and staff; (2) through the spending of students who come from outside the region; and (3) through the increase in the skill base of the local workforce.

For every dollar students invest in CF, they receive a cumulative $4.20 in higher future income (discounted) over the course of their working careers.

Florida benefits from improved health and reduced welfare, unemployment, and crime, saving the public some $2.7 million per year.

Taxpayers see a rate of return of 9.2 percent on their investment in CF.

The net added income generated by CF operations ($34 million) and the spending of nonlocal students ($7.4 million) contributes a total of $41.4 million in income to the tricounty service area economy each year.

The accumulated credits achieved by former CF students over the past 30 years translate to $308.3 million in added regional income each year due to the higher earnings of students and increased output of businesses.
Student Spending Effect
Students from outside the region spend money for room and board, transportation, entertainment, and other miscellaneous personal expenses. These expenditures create jobs and incomes for local businesses. The spending of CF’s nonlocal students generates approximately $7.4 million in added income in the tricounty service area economy each year.

Student Productivity Effect
Every year students leave CF and join or rejoin the regional workforce. Their added skills translate to higher income and a more robust tricounty service area economy. Based on CF’s historical enrollment and credit production over the past 30 years, it is estimated that the accumulated contribution of CF instruction received by former students (both completers and noncompleters) annually adds some $308.3 million in income to the tricounty service area.

Total Effect
Altogether, the average annual added income due to the activities of CF and its former students equals $349.7 million. This is approximately equal to 3.5 percent of the total tricounty service area economy.

CONCLUSION
The results of this study demonstrate that CF is a sound investment from multiple perspectives. The college enriches the lives of students and increases their lifetime incomes. It benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing the demand for taxpayer-supported social services. Finally, it contributes to the vitality of both the local and state economies.