

TAXPAYERS' INVESTMENT

The Economic Value of Otero Junior College | May 2017

Students and society as a whole enjoy a range of benefits due to their educational investment in OJC. A portion of these benefits accrues to state and local taxpayers in the form of higher tax receipts and a reduced demand for government-supported social services.

OJC INCREASES TAX REVENUE

- Approximately **90%** of OJC's students remain in Colorado upon completing their educational goals. As students earn more, they pay higher taxes. Employers also pay higher taxes through their increased output and spending.
- Over the students' working lives, state and local government in Colorado will collect a present value of **\$19 million** in the form of higher tax receipts.

OJC REDUCES GOVERNMENT COSTS

- OJC students who achieve higher levels of education are statistically less likely to have poor health habits, commit crimes, or claim welfare or unemployment benefits.
- The improved lifestyles of students result in a reduced demand for government-supported services. Better health leads to reduced health care costs. Reduced crime leads to a reduced burden on the criminal justice system. Further, increased employability leads to fewer claims for welfare and unemployment benefits.
- As a result, taxpayers in the state of Colorado will see a present value of **\$1.7 million** in savings to government over the students' working careers.

OJC IS A SOLID INVESTMENT FOR STATE AND LOCAL TAXPAYERS

- In FY 2015-16, state and local taxpayers in Colorado paid **\$8.8 million** to support the operations of OJC.
- For every \$1 of public money spent on OJC, taxpayers receive a cumulative return of **\$2.30** over the course of students' working lives in the form of higher tax receipts and public sector savings.
- Taxpayers see an average annual internal rate of return of **6.8%** on their investment in OJC. This return compares favorably with the 0.7% discount rate used by the federal government to appraise long-term investments.

SUMMARY OF THE TAXPAYER INVESTMENT



2.3
Benefit-cost ratio



6.8%
Rate of return