CONNECTICUT State Colleges and Universities (CSCU) 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) 2016-17.

Economic impact analysis

In FY 2016-17, CSCU added $11.1 billion in income to the Connecticut economy, a value approximately equal to 4.1% of the total gross state product (GSP). Expressed in terms of jobs, CSCU’s impact supported over 123,000 state jobs. For perspective, the activities of the institutions and their students support one out of every 19 jobs in Connecticut.

OPERATIONS SPENDING IMPACT

- CSCU employed 10,644 full-time and part-time faculty and staff (excluding research employees). Payroll amounted to $871.5 million (excluding payroll from research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The institutions spent another $342.4 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).

- The net impact of the institutions’ operations spending added $980.1 million in income to the state economy.
RESEARCH SPENDING IMPACT

- Research activities at CSCU impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Connecticut through inventions, and patent applications. In FY 2016-17, CSCU spent $3.5 million on payroll to support research activities.

- CSCU’s research spending generated **$5.3 million** in added income for the Connecticut economy in FY 2016-17.

CONSTRUCTION SPENDING IMPACT

- CSCU commissioned contractors to build or renovate facilities, generating a short-term infusion of spending and jobs in the state economy.

- The net impact of CSCU’s construction spending in FY 2016-17 was **$29.4 million** in added income for Connecticut.

VISITOR SPENDING IMPACT

- Out-of-state visitors attracted to Connecticut for activities at the institutions brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.

- Visitor spending added approximately **$5.6 million** in income to the Connecticut economy.

STUDENT SPENDING IMPACT

- Around 3% of credit students attending the institutions originated from outside the state. Some of these students relocated to Connecticut. In addition, some in-state students would have left Connecticut for other educational opportunities if not for CSCU. These relocated and retained students spent money on groceries, mortgage and rent payments, and so on at state businesses.

- The expenditures of relocated and retained students in FY 2016-17 added **$137.9 million** in income to the Connecticut economy.

ALUMNI IMPACT

- Over the years, students have studied at CSCU and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Connecticut.

- The net impact of CSCU’s former students currently employed in the state workforce amounted to **$9.9 billion** in added income in FY 2016-17.
Investment Analysis

STUDENT PERSPECTIVE

- CSCU’s FY 2016-17 students paid a present value of $418 million to cover the cost of housing, tuition, fees, supplies, and interest on student loans. They also forwent $631.4 million in money that they would have earned had they been working instead of attending college.

- In return for their investment, students will receive $7 billion in increased earnings over their working lives. This translates to a return of $6.60 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 22.2%.

TAXPAYER PERSPECTIVE

- Taxpayers provided CSCU with $629 million of funding in FY 2016-17. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $2.2 billion. A reduced demand for government-funded services in Connecticut will add another $191 million in benefits to taxpayers.

- For every dollar of public money invested in CSCU, taxpayers will receive $3.80 in return, over the course of students’ working lives. The average annual rate of return for taxpayers is 9.4%.

SOCIAL PERSPECTIVE

- In FY 2016-17, Connecticut invested $2.2 billion to fully support CSCU. In turn, the Connecticut economy will grow by $24.8 billion, over the course of students’ working lives. Society will also benefit from $461.5 million of public and private sector savings.

- For every dollar invested in CSCU educations in FY 2016-17, people in Connecticut will receive $11.70 in return, for as long as CSCU’s FY 2016-17 students remain active in the state workforce.

1 Housing costs are not included within the student perspective because even if students did not attend CSCU, they would have likely paid the costs of housing anyway. Thus, it is not an added cost experienced by students because of their attendance at CSCU.

STUDENT RATE OF RETURN

<table>
<thead>
<tr>
<th>Average Annual Return</th>
<th>CSCU Students</th>
<th>Stock Market 30-year</th>
<th>Interest Earned on Savings Account (National Rate Cap)</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.2%</td>
<td>10.1%</td>
<td>0.8%</td>
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SOCIAL SAVINGS OF CSCU EDUCATION IN CONNECTICUT

- Crime reduction savings: $99 million
- Improved health savings: $310 million
- Reduced public assistance savings: $53 million

FOR EVERY $1...

- Students gain $6.60 in lifetime earnings
- Taxpayers gain $3.80 in added tax revenue and public sector savings
- Society gains $11.70 in added state revenue and social savings