

ROI is an acronym you don't hear associated with a college like NCCC or a university. It's mostly associated with private businesses or entrepreneurs. ROI stands for Return on Investment, or how much money can I expect to make off of my investment over time. If I invest \$1,000 in the stock market, what will my return be on that \$1,000 investment?

The trouble with computing an ROI is you really don't know. All investment involves risk and not every stock in the stock market is going to pay off later. Some will lose all of its value so your ROI on that stock is -100%. You can look at past performance of an investment and then make guesses about the future, but it's just that, a guess. Ask the folks who invested in ENRON about that.

When a student invests in a college degree there is most certainly a ROI for that. But how much of a return of investment depends on several things – what did the degree cost and what is the salary for that job.

If a student gets an engineering degree, for instance, that career usually has a great chance of landing a job and a high salary, so no matter what one pays for the degree, it's going to have a good ROI. However, spending \$30,000 a year (or more) for 4 or 5 years to work in a lower paying career still has a ROI but it is very low. Going away to a university at \$30,000 a year on student loans so that you are in debt \$120,000 for a \$35,000 a year job after graduation has a pretty terrible ROI. Even with special repayment programs from the US Government, you are looking at 15% of your discretionary income for the next 25 years to pay that off. If you graduate at 23 years old, you'll make your last payment at 48. Eek.

There is over \$1.2 trillion (yes, trillion) dollars in student loan debt right now in the US. That's the student loan crisis that you may have heard about. It's a lot of money that is not in circulation, that's not going to buy things, or employ people. I submit that a part of that crisis is due to choices made by some students, who may not have fully thought through the ROI of the college choice/cost and their job prospects/salary.

So where you go matters as much as what you are majoring in for the best return on investment. Our students are paying an average of \$135 a credit hour, or about \$3,600 a year for a fulltime student, which includes tuition fees and books. That's before any scholarships or grants are subtracted. Many of our students pay almost nothing if they have earned a scholarship or two. That's a pretty big difference from \$30,000 a year. That cost makes all majors have a great ROI.

In fact, a report from the Kansas Board of Regents indicated that NCCC students with a two-year technical degree are averaging nearly \$40,000 a year their first year out of college! Our nurses and health information technology graduates are making about \$50,000 their first year out of college. Now that is a pretty good ROI!

But what if you are not one of our students paying a low amount and getting a good job? What if you are just a member of the community and paying taxes, what do you get from your local community college?

As a taxpayer you have invested in a great many things, one of those being your local community college. If you are a Neosho County property owner you directly invest in our College. But even if you are not a property owner in Neosho County you probably still pay state and federal taxes and some of those dollars come to NCCC in the form of state allocation and US Government Pell Grants to students.

So what are you getting back for your tax dollars? First let's talk about direct economic investment, money one can plainly see.

Every year the college conducts an audit from an outside auditing firm. This audit is published to our website and is discussed in open meeting in front of guests and members of the press. You can see where all of those dollars are spent and how they are accounted for.

Here's a brief aside that I'm pretty proud of. Using the audit we compute how fiscally strong NCCC is on a scale created by our accreditation body, the Higher Learning Commission. The scale is called the Composite Financial Index or CFI (don't you love all of the acronyms?). It looks at our debt to income ratio, our capital investments, and liabilities among other things. I am pleased to report that our CFI score has never been higher, meaning NCCC has never been more fiscally sound. You can attribute that to our CFO Sandi Solander and the decisions and leadership of our Board of Trustees. Ok, back to ROI.

Also in the audit you can see that NCCC received about \$4.5 million in funds from the local mill levy. For those funds we are very grateful and do all we can to stretch them as far as they can go.

While we received \$4.5 million in these tax dollars we spent about \$20 million dollars. So we brought in an extra \$15.5 million into Neosho County and the rest of our service area beyond what the mill levy provided. Where did that money come from? It's a combination of federal and state tax dollars and grants, tuition and fees, auxiliary enterprises (like the bookstore and residence hall) and other funds.

We spent some of that money on a goods and services in the area, but most of it went to salaries. In a year the college employs about 550 people, both full and part-time, in good paying jobs. Those folks buy houses, cars, food, etc. and recirculate the \$20 million in the community.

So that is a return on investment you can easily see – the county invested \$4.5 million and received a \$20 million return in money flowing through the College into the community.

The indirect ROI is a bit more difficult to see, but even more important. It comes from the savings a student has from coming here for a year or two instead of leaving the area to take classes at a more expensive institution. It comes from businesses choosing to base their operations in our service area because they can get the workforce they need due to the training and degrees provided by the local community college.

It comes from a person getting off welfare and other public support through earning a credential at NCCC and then earning a job and paying taxes themselves – from a tax consumer to a taxpayer. It comes from a person who was not incarcerated at our expense because they had local access to higher education. Or the person who had better health outcomes as there is a direct correlation between better health and educational attainment. It comes from the community support the college provides in the form of campus facilities, student volunteers, on expertise sharing.

A few years ago NCCC hired a company who specializes in such things to compute an indirect ROI for the college. Their report stated that the College and its students were impacting the service area by an additional \$30 million a year in indirect return on investment through all of those examples given above. I'm pretty proud of that number too.

Neosho County Community College will continue to live up to its mission of enriching our communities and our students' lives. We will continue to try to get the most out of every dollar given to us, while

advancing education for our students and our impact on the community. Thank you for the support you have given our college, both direct and indirect. We will do all we can to maximize your return on investment.

If you have any questions about this or anything else feel free to contact me at binbody@neosho.edu.