

# RETURN ON INVESTMENT TO STUDENTS

Where Value Meets Values: The Economic Impact of Community Colleges

Education has the power to raise students' earning potential and increase their employability. In return for their investment in education, America's community college students will receive higher wages that will continue to grow throughout their working lives.

## EDUCATION RETURNS VALUE FOR MONEY SPENT

- To meet the costs of going to college, students rely on their own earnings or on the earnings of their families. In 2012, students paid a total of **\$18.7 billion** at America's community colleges to cover the cost of tuition, fees, books, supplies, and interest on loans.
- While at college, students spend time focusing on their studies, time they would have otherwise spent in employment or with their families and friends. For community college students, the value of time and earnings forgone was estimated to be **\$78.7 billion**.
- In return for the costs of going to college, students will receive a stream of higher lifetime income. These income gains will fully recover the money that students invested and will continue to grow throughout the students' working lives.

## EDUCATION INCREASES PEOPLE'S EARNING POTENTIAL

- Average annual incomes increase as students attain higher levels of education. On average, associate's degree completers in the U.S. will earn **\$41,900** at the midpoint of their careers, **\$10,700** more than someone with a high school diploma.
- Associate's degree completers will earn **\$1,843,600** (un-discounted) over their working lifetime, an increase of **\$470,800** compared to someone with a high school diploma.

## EDUCATION IS ONE OF THE BEST INVESTMENTS STUDENTS AND THEIR FAMILIES CAN MAKE

- The 2012 student population at America's community colleges will receive an internal rate of return of **17.8%** on their investment in the colleges. This rate of return continues throughout their working lives.
- Had students and their families taken the money they spent on education and invested it instead in a standard bank savings account, they would have received a rate of return of less than 1%.
- On average, 2012 students will receive a cumulative **\$4.80** in higher future income for every \$1 they invested in their education. In other words, students not only recover the cost of their original investment but also receive an additional **\$3.80** for every \$1 they paid.

ANNUAL INCOME BY EDUCATION LEVEL AT CAREER MIDPOINT

