

The economic impact of Anoka-Ramsey Community College

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Executive summary

Anoka-Ramsey Community College generates an annual economic impact of \$327 million from its operations in the Twin Cities. Based on the Twin Cities metro economy of \$190.7 billion, this means that for every \$1,000 produced in the Twin Cities metro area, \$17 are directly or indirectly related to Anoka-Ramsey Community College. The direct impact of Anoka-Ramsey Community College in 2011 was \$191 million, while the indirect impact in other industries was \$136 million.

Similarly, during 2011 the college and its students generated an estimated 3,235 jobs in the Twin Cities. These jobs included an estimated 2,290 direct jobs, and 945 additional indirect jobs, created by vendors, contractors, and businesses supplying inputs to the college and its students.

Additionally, by educating its students, Anoka-Ramsey Community College enhances the productivity of both public and private organizations in Minnesota. Only considering the 963 associate degrees awarded by Anoka-Ramsey Community College in 2011, this is equivalent to \$90.2 million of future value created in the state.

Introduction

Anoka-Ramsey Community College has campuses in Cambridge, part of the East Central economic development region, and Coon Rapids, located in the Twin Cities metropolitan area. The college has over 100 programs, including associate degrees and certificates. Anoka-Ramsey Community College is accredited by the Higher Learning Commission.

The college serves more than 12,000 students each year; with close to 50% of them being full-time students. In 2011 the college awarded 963 associate degrees and 50 certificates. During the same year, the college had operational expenses of \$55.1 million.

Anoka-Ramsey Community College is one of the 31 institutions in the Minnesota State Colleges and Universities (MnSCU) system; the largest single provider of higher education in the state of Minnesota. The colleges and universities operate 54 campuses in 47 Minnesota communities, serving 430,000 students in credit and non-credit courses, with about 34,700 graduates each year.

This report estimates the economic impact of Anoka-Ramsey Community College on the Twin Cities metro area. Through its daily activities, Anoka-Ramsey Community College generates economic value for the Twin Cities in several ways. First, spending by the college and its students directly impacts the personal income, employment, and tax revenues of the state. Secondly, these expenditures generate an indirect effect; all Anoka-Ramsey Community College activities induce other organizations and businesses to spend more, creating what is known as a “multiplier effect.” Finally, by educating its students, the college enhances the productivity of both public and private organizations in Minnesota.

Data used in the analysis include:

- Anoka-Ramsey Community College operational expenditures, salaries, and benefits from its 2011 financial statements
- Capital expenditures from the state’s bond projects that financed investments for Anoka-Ramsey Community College during 2010 to 2012, from the Minnesota Management & Budget office¹
- Estimates of Anoka-Ramsey Community College students’ spending. A survey of 229 students and their spending patterns was used in the IMPLAN model to estimate the direct and indirect effect of this spending for a given year²

¹ Minnesota Management and Budget (2012). Bond’s Proceeds Report. Retrieve at <http://www.mmb.state.mn.us/doc/bonds/proceeds/mnscu-bonds-fund-4020-FY10.pdf>

Anoka-Ramsey Community College impact on the Twin Cities metro area

Regional profile

Since most of the college's degrees are awarded in Coon Rapids campus, we focus on the impact of the college on this area. During 2011, the seven-county metro area had 2.8 million residents (54 percent of the state's population), with 2 million employees and a gross regional product of \$190.7 billion (66 percent of the state's total regional product). The main industries in the region, by employment levels, were food services and drinking places, education, and government.

1. Twin Cities regional profile 2011

Population	2,884,747
Total employment	2,031,089
Gross regional product	\$190.7 billion
Average household income	\$127,779
Per capita gross regional product	\$66,103

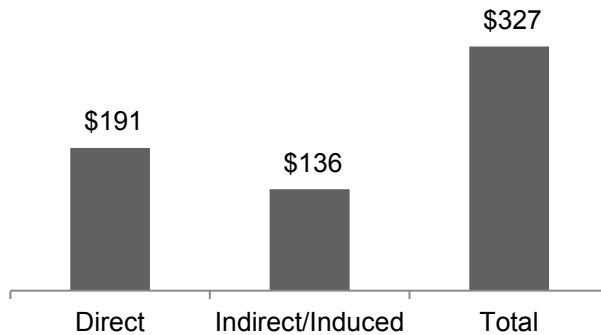
Counties in the region: Anoka, Ramsey, Hennepin, Washington, Dakota, Carver, and Scott

Economic impact of Anoka-Ramsey Community College on the seven-county metro area

The annual economic impact of the Anoka-Ramsey Community College in the metro area reaches \$327 million (Figure 2). This is, for every \$1,000 produced in the Twin Cities, \$17 are directly or indirectly related to Anoka-Ramsey Community College. The sources of these direct and indirect impacts are the institution's operations (\$93 million), students' expenditures (\$233 million), and Anoka-Ramsey Community College investments (\$266,308).

² The method used in the calculations of these impacts is the Input-Output model developed by IMPLAN. This method measures the direct impact of an organization's spending in a particular region (a country, state or county) by estimating the inputs used by the organization and the multiplier effects in other industries in the region. For purposes of this study, Anoka-Ramsey Community College's expenditures and its indirect effects come from its operational activities, its capital investments, and its students' spending.

2. Economic impact of Anoka-Ramsey Community College in the Twin Cities metro in 2011 (\$ millions)



Real estate is the main industry sector impacted by Anoka-Ramsey Community College, with \$71.9 million supported by the college. Other industries impacted by Anoka-Ramsey Community College are state and local government education (e.g. public universities), and food services and drinking places (e.g. restaurants, bars, etc.). Figure 3 below shows the top ten industries affected by Anoka-Ramsey Community College in 2011.

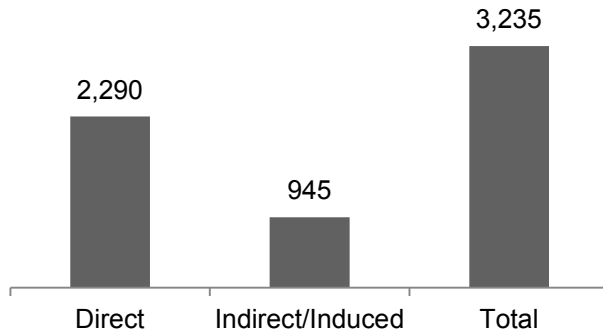
3. Top ten industries impacted by Anoka-Ramsey Community College in the Twin Cities in 2011 (\$ millions)

Real estate establishments	71.9
State and local government education	62.2
Food services and drinking places	35.5
Child day care services	19.2
Telecommunications	13.0
Imputed rental activity for owner-occupied dwellings	10.6
Medical and diagnostic labs and outpatient and other ambulatory care services	8.3
Wholesale trade businesses	7.7
Personal and household goods repair and maintenance	7.7
Retail Stores - Food and beverage	5.8

Impact on jobs

During 2011, Anoka-Ramsey Community College generated an estimated 3,235 jobs in the Twin Cities. These jobs include 2,290 direct jobs generated by the college and its students, and 945 additional indirect jobs, created by vendors, contractors, and businesses supplying inputs to the college and its students (Figure 4).

4. Impact on employment of Anoka-Ramsey Community College in the Twin Cities metro in 2011 (jobs)



The sources of these direct and indirect impacts are the institution’s operations (977 jobs), students’ expenditures (2,256 jobs), and Anoka-Ramsey Community College investments (2 jobs). A total of 693 jobs are created directly by the college’s operational activities (Figure 5).

5. Impact on employment of Anoka-Ramsey Community College in the Twin Cities metro by source (jobs)

	Direct	Indirect	Total
Operational expenditures	693	284	977
Students' spending	1,596	660	2,256
Investments	1	1	2
Total	2,290	945	3,235

The same three industries mentioned before are also the most impacted by the college in its employment, directly or indirectly (Figure 6).

6. Top ten industries impacted by employment in 2011 (jobs)

State and local government education	647
Food services and drinking places	569
Real estate establishments	455
Child day care services	394
Retail Stores - Food and beverage	94
Retail Stores - Clothing and clothing accessories	85
Personal and household goods repair and maintenance	56
Medical and diagnostic labs and outpatient and other ambulatory care services	51
Employment services	43
Retail Stores - General merchandise	39

Impact on taxes

Anoka-Ramsey Community College generates about \$19 million in tax revenues for state and local governments each year. Through its operational activities, its employees' and students' spending, Anoka-Ramsey Community College supports the activities of the seven-county metro area by paying sales, property, and income taxes. Similarly, the college and its employees' social insurance contributions add to the state tax revenues. Since Anoka-Ramsey Community College's operational activities and spending create demand for other businesses and industry sectors, there are additional tax revenues coming from businesses that serve the college. These taxes include sales, income, and property taxes, along with others, such as corporate taxes.

Benefits beyond operations: enhanced productivity

By educating its students, Anoka-Ramsey Community College enhances the productivity of both public and private organizations in Minnesota. Its alumni provide the skills and knowledge needed to improve the functioning of many organizations in the state.

Since performing a direct measurement of the contribution of graduates to Minnesota businesses and governments is not feasible, we estimate the additional earnings of graduates as a result of their training. This measure of additional earnings is equivalent to estimating the increase in productivity due to students' education; the students are able to earn more as they better fit the needs of businesses and government.

Only considering the 963 associate degrees awarded by Anoka-Ramsey Community College in 2011, this is equivalent to \$90.2 million of future value created in the state. Unlike previous estimations in this report, this is an additional value to the state, not just the region, since we cannot know where the students live after graduation.³

Some studies present the enhanced productivity without discounting the future income received by students (for example, the Tripp Umbach study for the University of Minnesota). If we calculate the additional future earnings in this way, the economic benefit from enhanced productivity reaches \$156 million.⁴

³ This estimation assumes 40 years of work life, a discount rate of 3 percent and two important parameters. The first one is that the total is adjusted by 30 percent (similar to Tripp Umbach's 2011 report for the University of Minnesota), to allow for the forgone income while attending the college or university, future periods of unemployment, time out of the labor force, and other events. The second parameter included in the estimation is that 80 percent of students stay in the state after graduation (MnSCU Amazing Facts, 2010). The economic value created by the enhanced productivity of students should consider only those students staying in the state; if they leave there is not economic impact for Minnesota in the years following their graduation.

⁴ Tripp Umbach (2011). The Economic and Societal Impact of the University of Minnesota.