

# The Economic Value of Luna Community College

Luna Community College (Luna) creates a significant positive impact on the business community and generates a return on investment to its 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) 2021-22.

## Economic impact analysis

In FY 2021-22, Luna added **\$36.4 million** in income to the Luna Service Region\* economy, a value approximately equal to **2.4%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Luna's impact supported **565 jobs**. For perspective, the activities of Luna and its students support **one out of every 37 jobs** in the Luna Service Region.

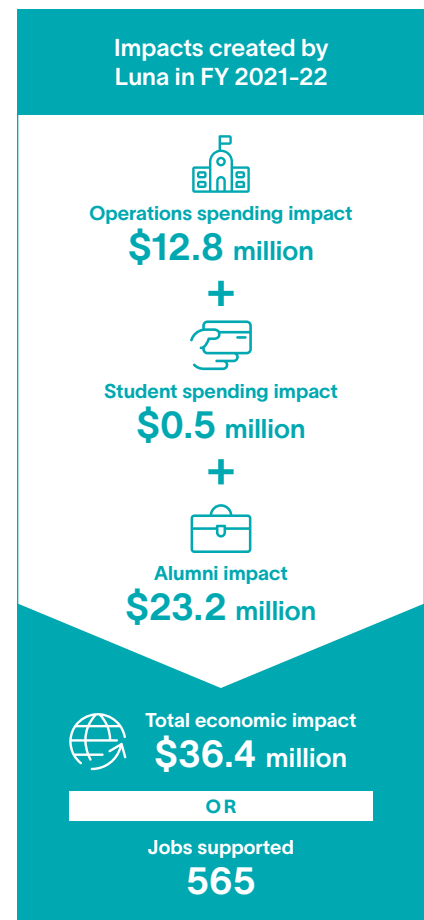
### Operations spending impact

- Luna employed 161 full-time and part-time faculty and staff. Payroll amounted to \$11.1 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$10.2 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$12.8 million** in income to the regional economy in FY 2021-22.

### Student spending impact

- Around 14% of students attending Luna originated from outside the region. Some of these students relocated to the Luna Service Region. In addition, some in-region students, referred to as retained students, would have left the Luna Service Region for other educational opportunities if not for Luna. These relocated and

\* For the purposes of this analysis, the Luna Service Region is comprised of Colfax, Guadalupe, Mora, and San Miguel Counties.



retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of relocated and retained students in FY 2021-22 added **\$489.2 thousand** in income to the Luna Service Region economy.

### Alumni impact

- Over the years, students have studied at Luna and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Luna Service Region.
- The net impact of Luna’s former students currently employed in the regional workforce amounted to **\$23.2 million** in added income in FY 2021-22.

## Investment analysis

### Student perspective

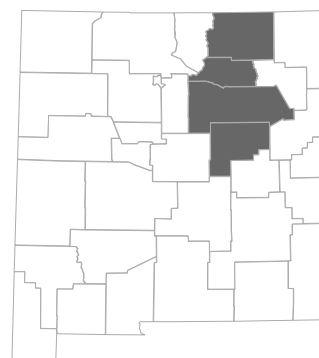
- Luna’s FY 2021-22 students paid a present value of **\$1.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$1.9 million** in time and in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$19.6 million** in increased earnings over their working lives. This translates to a return of **\$6.00** in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is **21.1%**.

### Taxpayer perspective

- Taxpayers provided Luna with **\$11.1 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to **\$5.3 million**. A reduced demand for government-funded services in New Mexico will add another **\$1.0 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$6.3 million**, the present value sum of the added tax revenue and public sector savings.

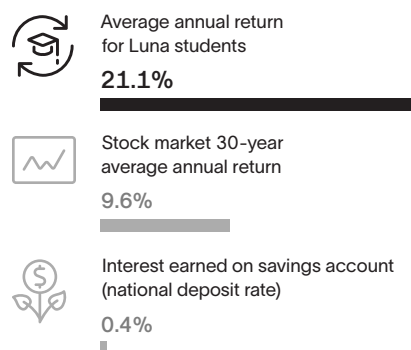
### Social perspective

- In FY 2021-22, New Mexico invested **\$23.8 million** to support Luna. In turn, the New Mexico economy will grow by **\$54.8 million**, over the course of students’ working lives. Society will also benefit from **\$1.9 million** of public and private sector savings.
- For every dollar invested in Luna in FY 2021-22, people in New Mexico will receive **\$2.40** in return, for as long as Luna’s FY 2021-22 students remain active in the state workforce.






The Luna Service Region, New Mexico

### Students see a high rate of return for their investment in Luna



Source: Forbes’ S&P 500, 1992-2021. FDIC.gov, 2-2022.

For every \$1...	
	Students gain in lifetime earnings <b>\$6.00</b>
	Society gains in added income and social savings <b>\$2.40</b>
In total...	
	Taxpayers gain in added tax revenue and public sector savings <b>\$6.3 million</b>