
HIGHER EDUCATION IN NEVADA:

Implications for Economic Growth,
Economic Development & Public
Finance

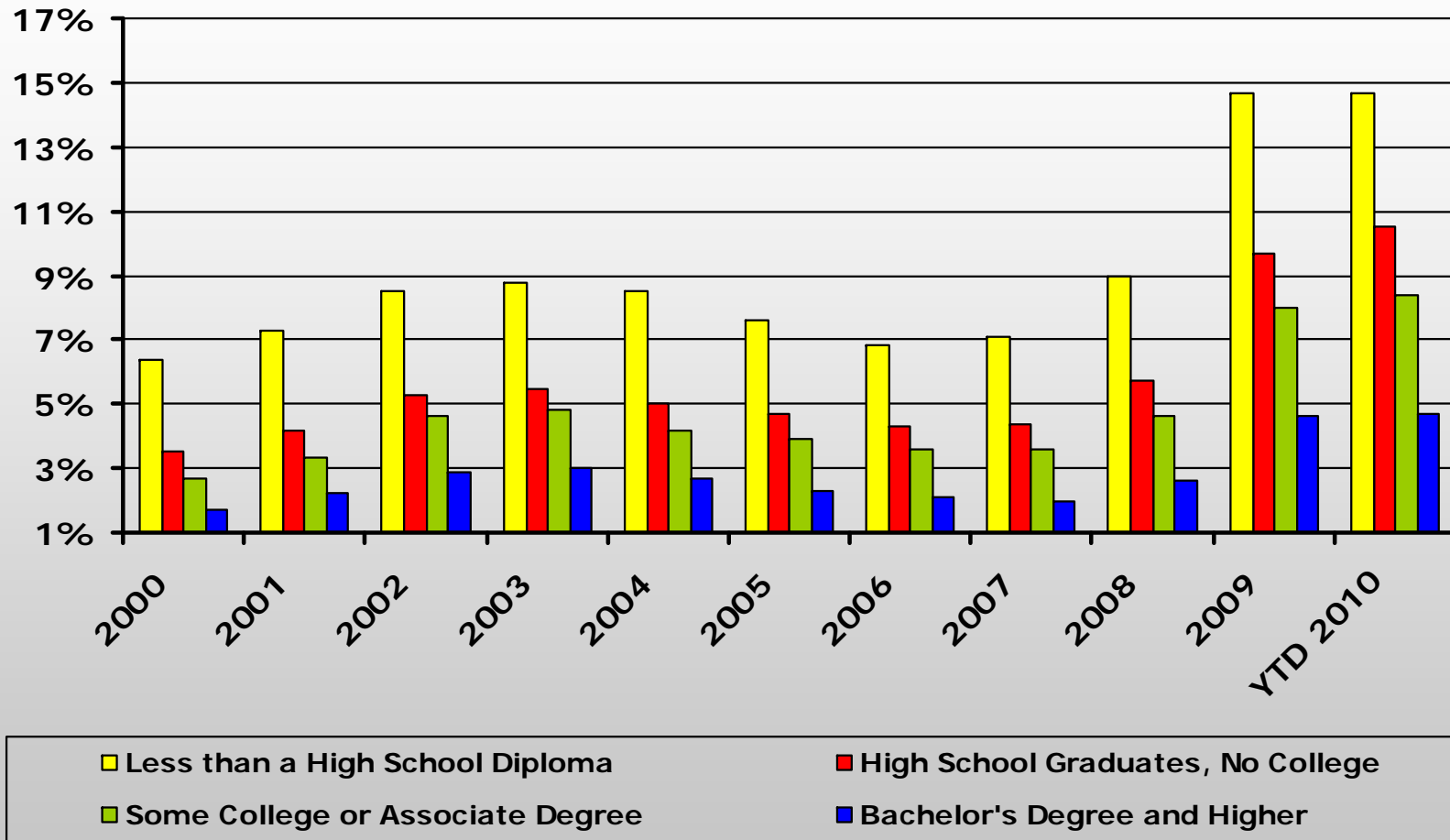


The 4 White Papers

- ✓ **White Paper 1: Overview of applied & academic research on industry cluster-based approaches to economic development/diversification (ED), role of higher ed in cluster development & role of clusters in ED.**
 - ✓ **White Paper 2: Higher ed & state economic growth. Relationship between education levels & basic economic indicators (e.g., unemployment rate, wages) in Nevada.**
 - ✓ **White Paper 3: Higher ed spending & personal, local economic & societal benefits. Data on higher ed enrollment, educational attainment & financing in Nevada.**
 - ✓ **White Paper 4: Focus on Nevada. Summarizes info useful to public policy makers, business leaders & others seeking to understand connection between higher ed, ED & public finance.**
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United States

U.S. Average Unemployment Rate by Education Attainment (Seasonally Unadjusted), 2000-2010 YTD

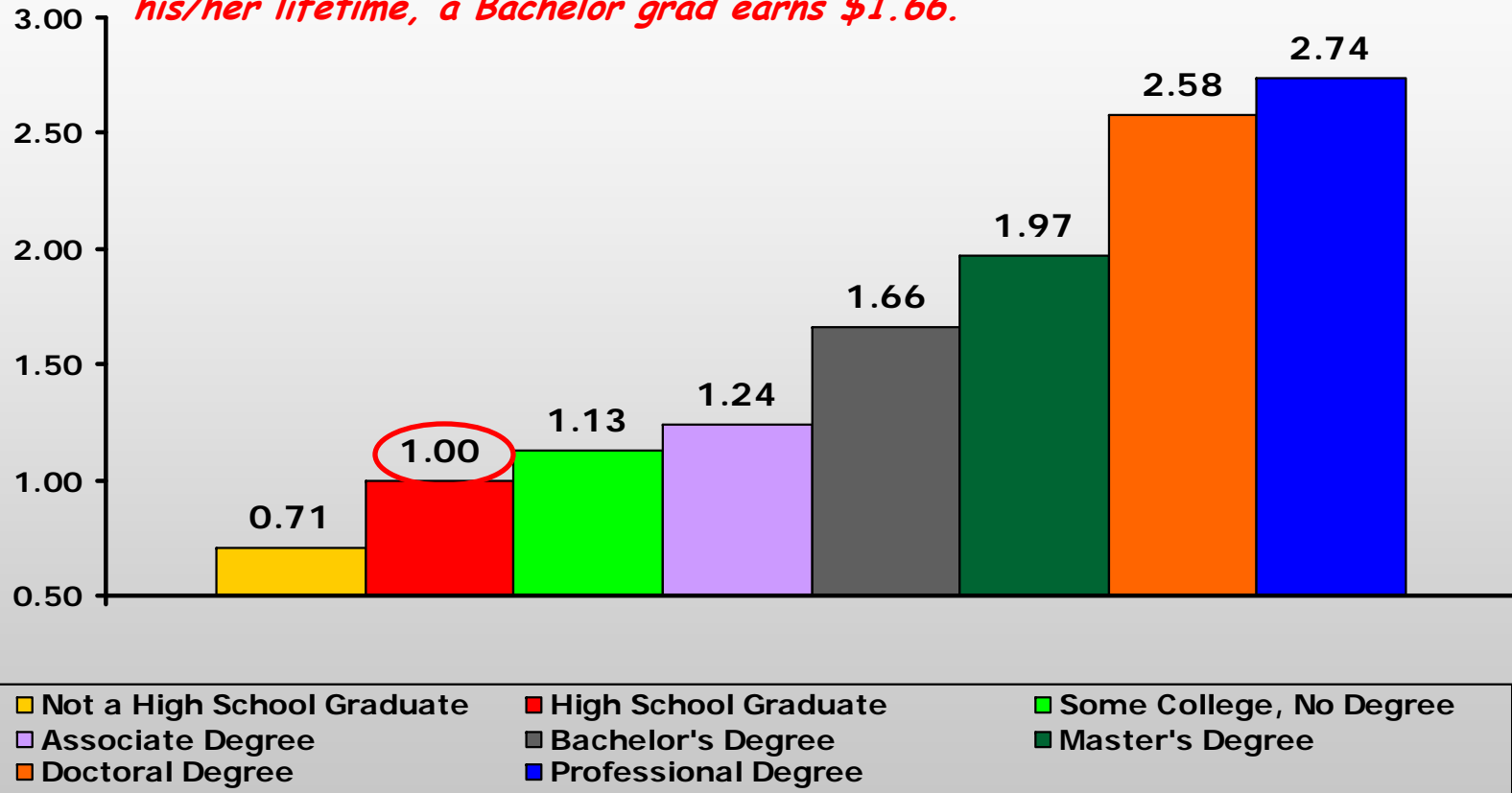


Source: U.S. Bureau of Labor Statistics.

Note: YTD 2010 data includes data for Q1 2010 through Q3 2010

U.S. Expected Lifetime Earnings Relative to High School Graduates, by Education Level, 2008

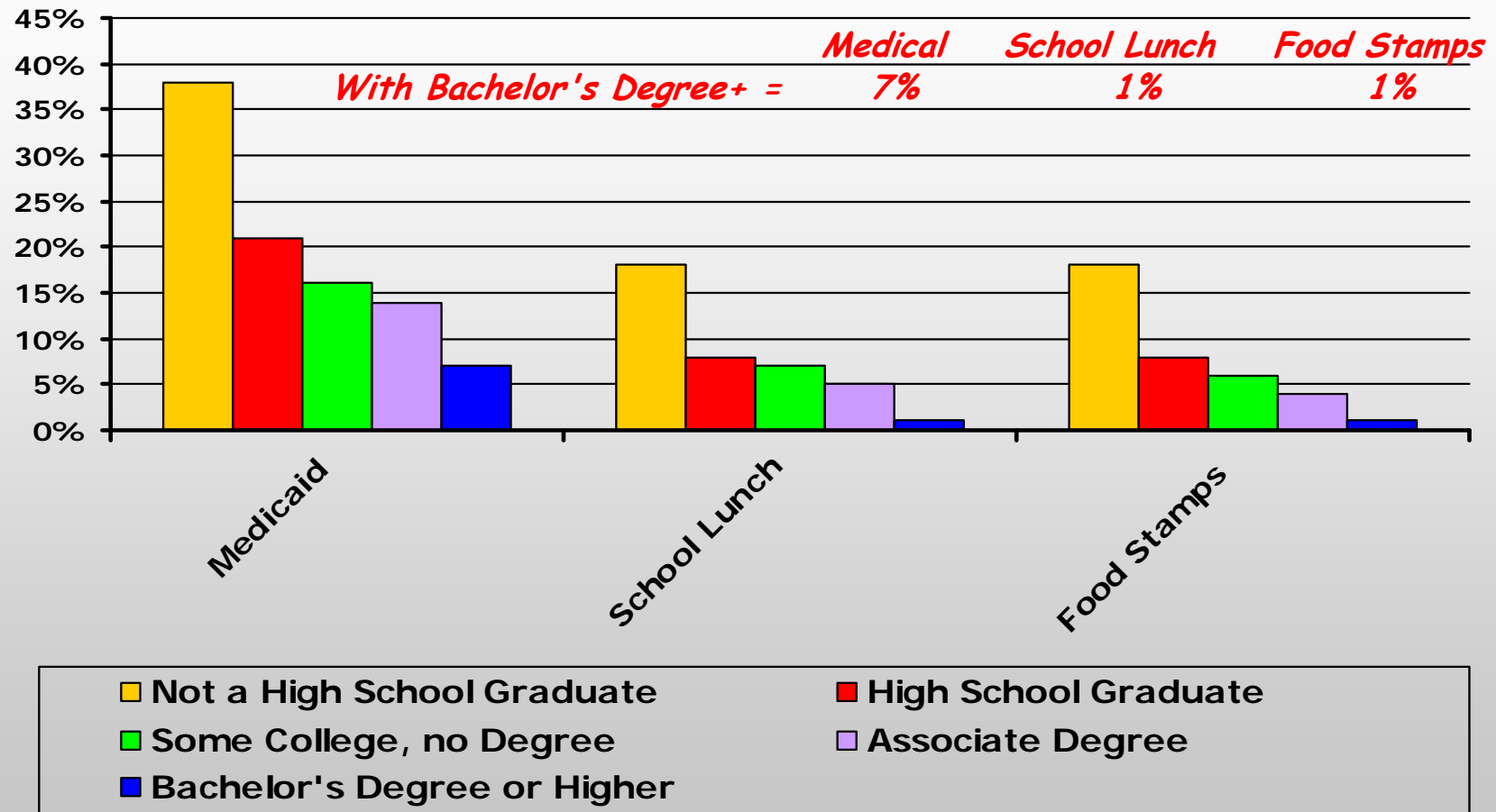
For example, for every dollar earned by a high school grad during his/her lifetime, a Bachelor grad earns \$1.66.



Source: U.S. Census Bureau, 2009; College Board Advocacy and Policy Center - "Education Pays 2010: The Benefits of Higher Education for Individuals and Society".

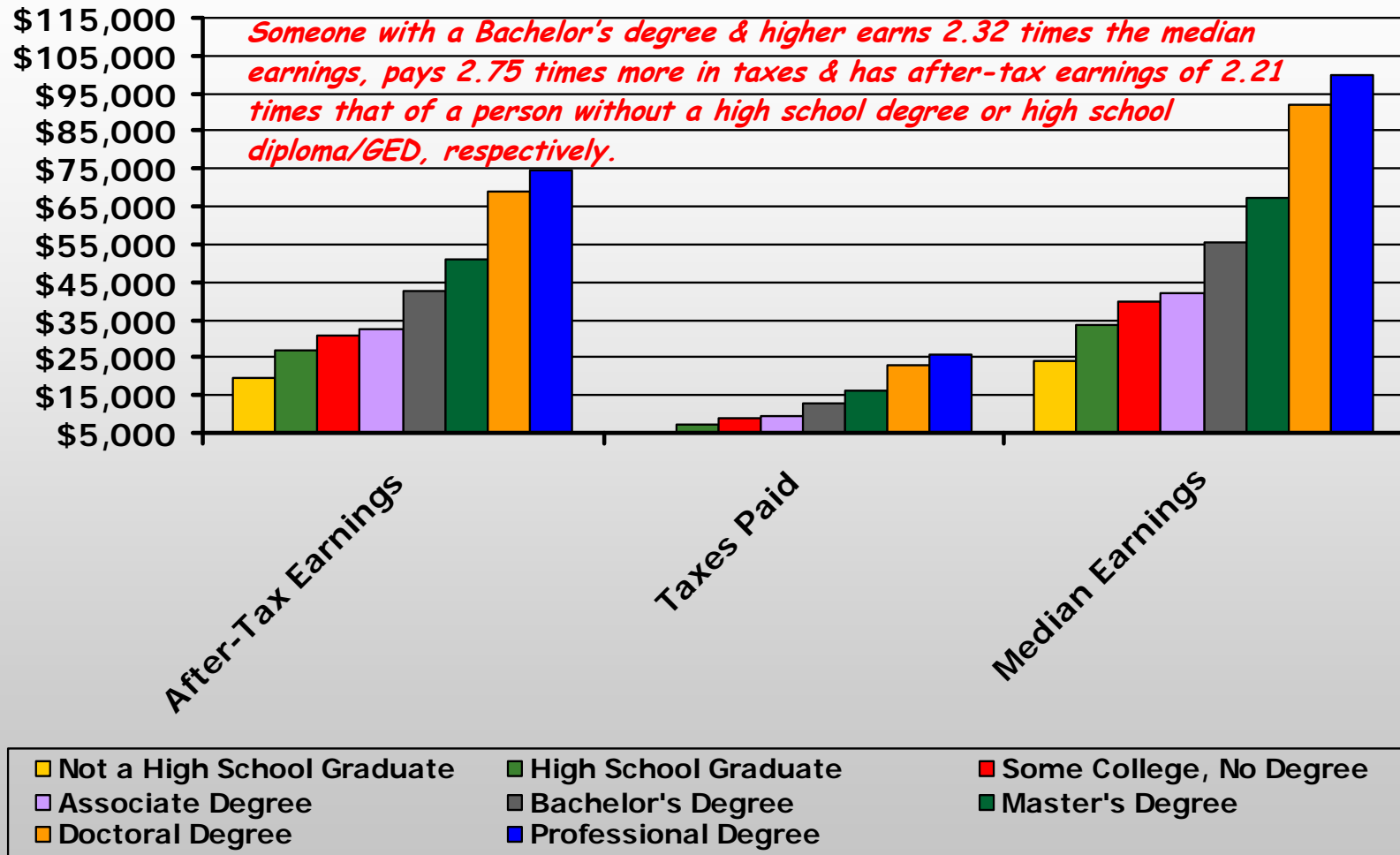
*Source: Bureau of Labor Statistics, Current Population Survey. Georgetown University Center on Education and the Workforce.

% U.S. Persons Ages 25+ Participating in Various Public Assistance Programs, by Education Level, 2008



"Education Pays 2010: The Benefits of Higher Education for Individuals and Society - CollegeBoard Advocacy and Policy Center.) .

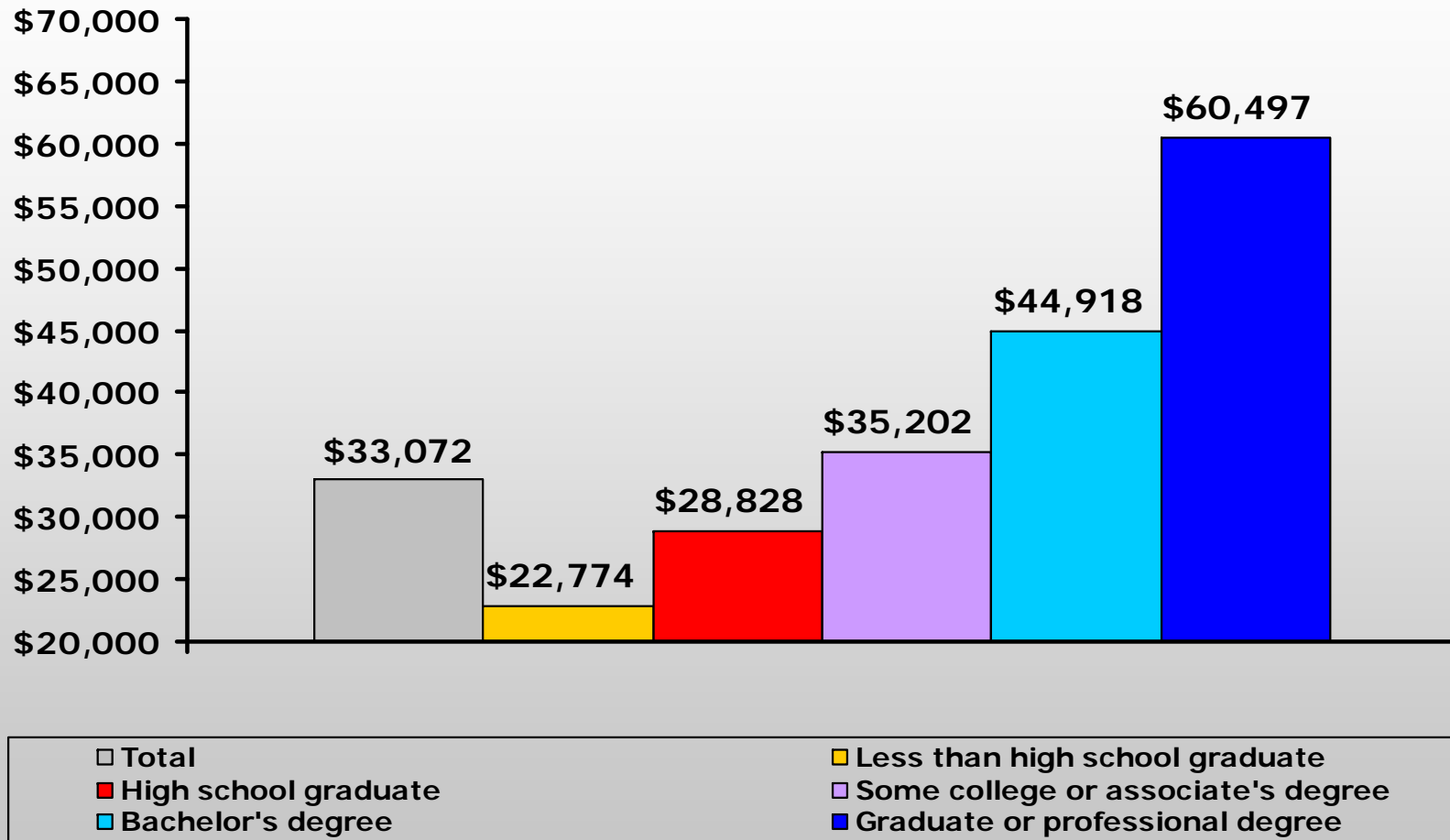
U.S. Median Earnings & Tax Payments of Full-Time Year-Round Workers Ages 25+, by Education Level, 2008



Source: U.S. Bureau of Labor Statistics.
 Note: YTD 2010 data includes data for Q1 2010 through Q3 2010

Nevada

Median Earnings in the Past 12 Months (in 2009 Inflation-Adjusted Dollars) by Educational Attainment: Nevada, 2009

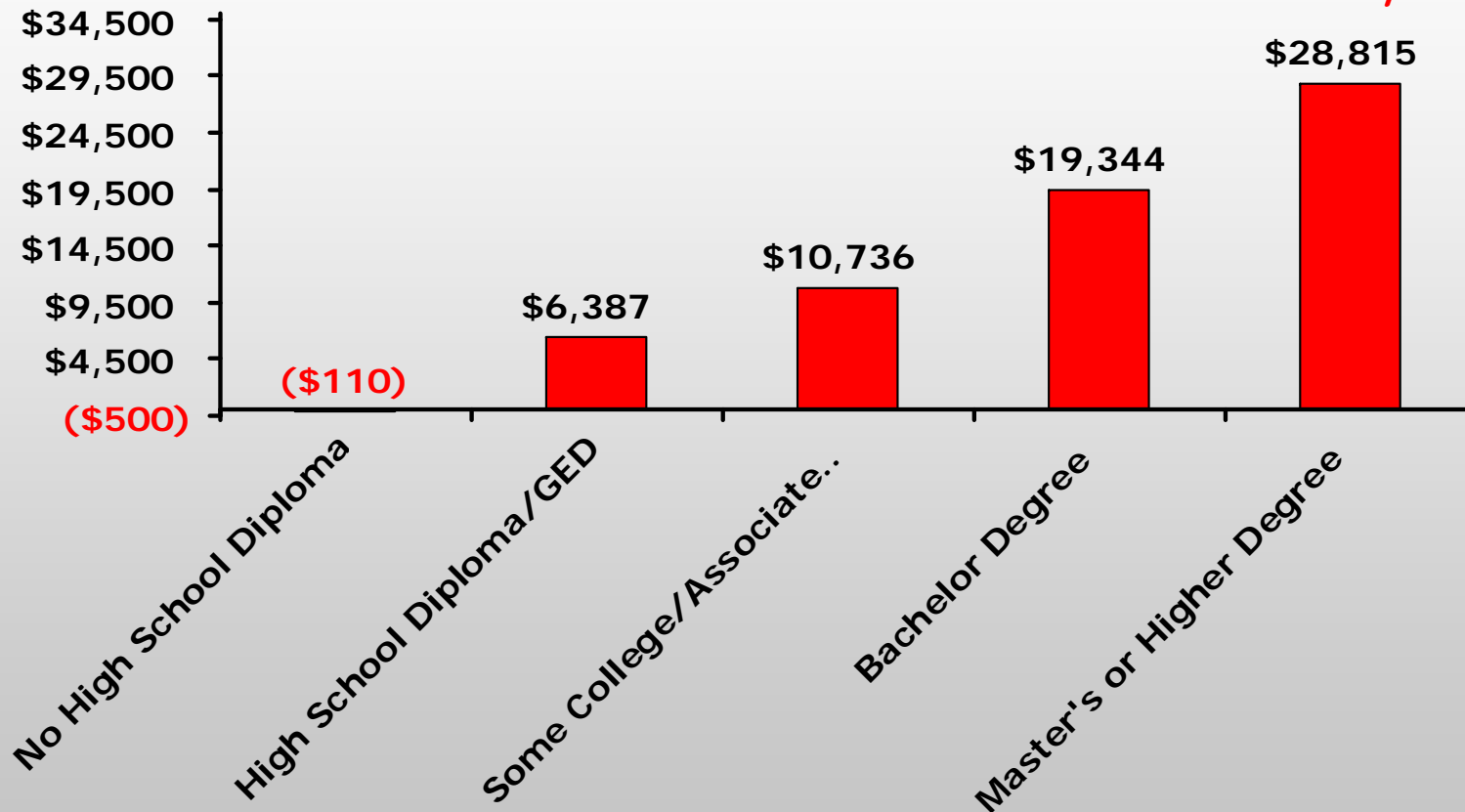


Source: 2009 American Community Survey.

Note: For persons 25+ years.

Nevada Per Capita Net Fiscal Benefit, By Education Attainment

*Annual Federal, State & Local Tax Payments/Per Capita minus
Annual Cash & In-Kind Transfers + Incarceration Costs/Per Capita*



I. Source: U.S. Census Bureau, 2009 American Community Survey.

II. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data for adults 18-64 years old.

III. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data for adults 18-64 years old.

IV. Represents annual net fiscal contribution to federal, state, & local governments.

Nevada Status Quo: Total Annual Net Fiscal Benefit to Federal, State & Local Governments, Cont.

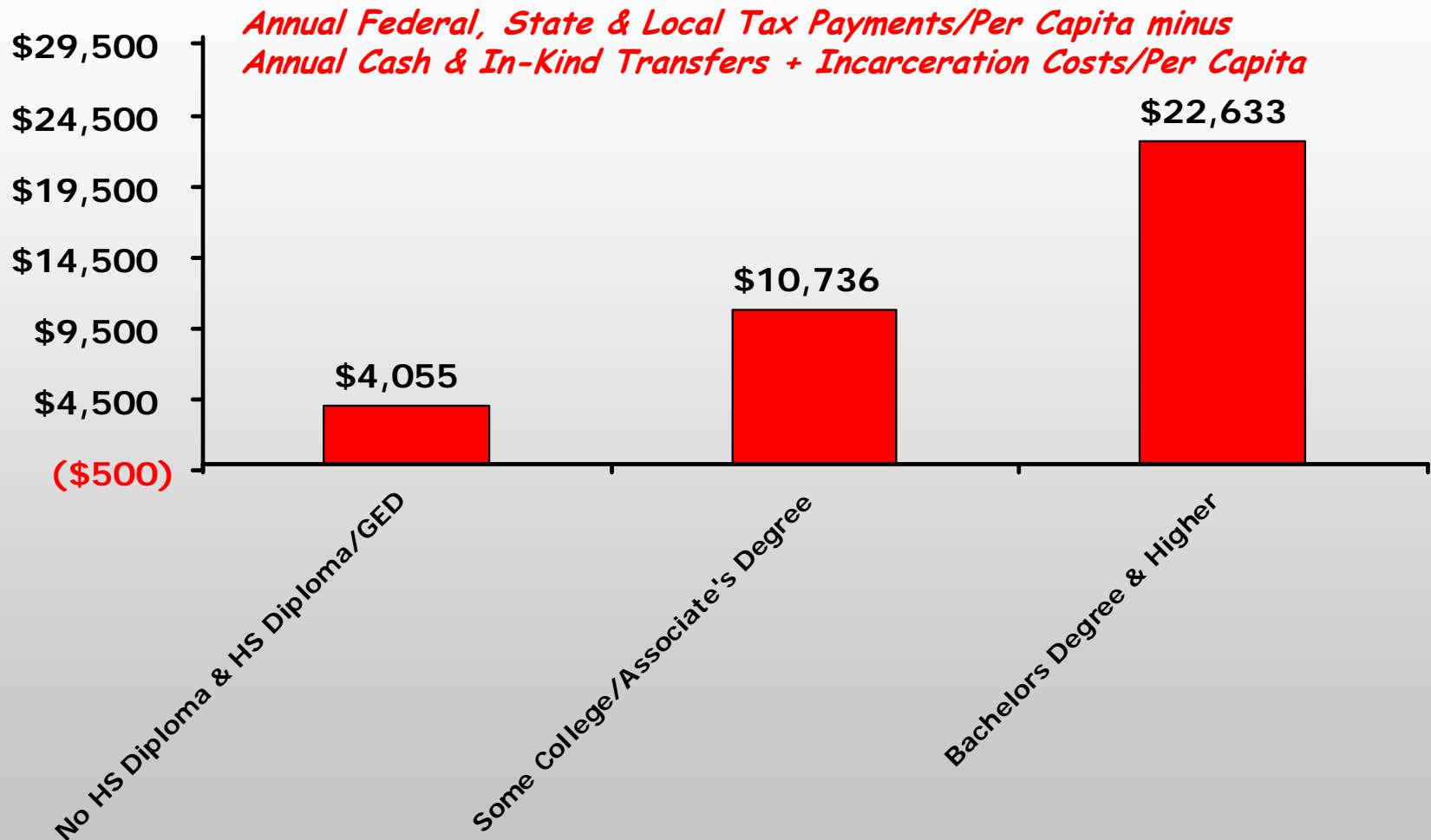
- ✓ On average, based on national 2007 data (latest readily available), among adults (18-64 years) with no **High School diploma**, mean net fiscal contribution was **-\$110/per capita/yr.,** i.e., they collected more cash & in-kind transfers & imposed institutionalization costs than they paid in federal, state & local taxes.
- ✓ The mean annual tax payments of 18-64 year old adults with a **Bachelor's degree**, for example, were \$20,580, while the mean value of their cash & in-kind transfers & their institutionalization costs was equal to \$1,236; yielded a net mean annual fiscal contribution of **\$19,344/per capita/yr.**

I. Source: U.S. Census Bureau, 2009 American Community Survey.

II. Source: Cntr. for Labor Market Studies, Northeastern University; based on 2007 national data; adults 18-64 years.

III. Represents annual net fiscal contribution to federal, state, & local governments.

Nevada Per Capita Net Fiscal Benefit, By Education Attainment No High School & High School, Some College & Bachelor's Degree Plus



- I. Source: U.S. Census Bureau, 2009 American Community Survey.
- II. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data for adults 18-64 years old.
- III. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data for adults 18-64 years old.
- IV. Represents annual net fiscal contribution to federal, state, & local governments.

Nevada Per Capita Net Fiscal Benefit, By Education Attainment No High School & High School, Some College & Bachelor's Degree Plus Cont.

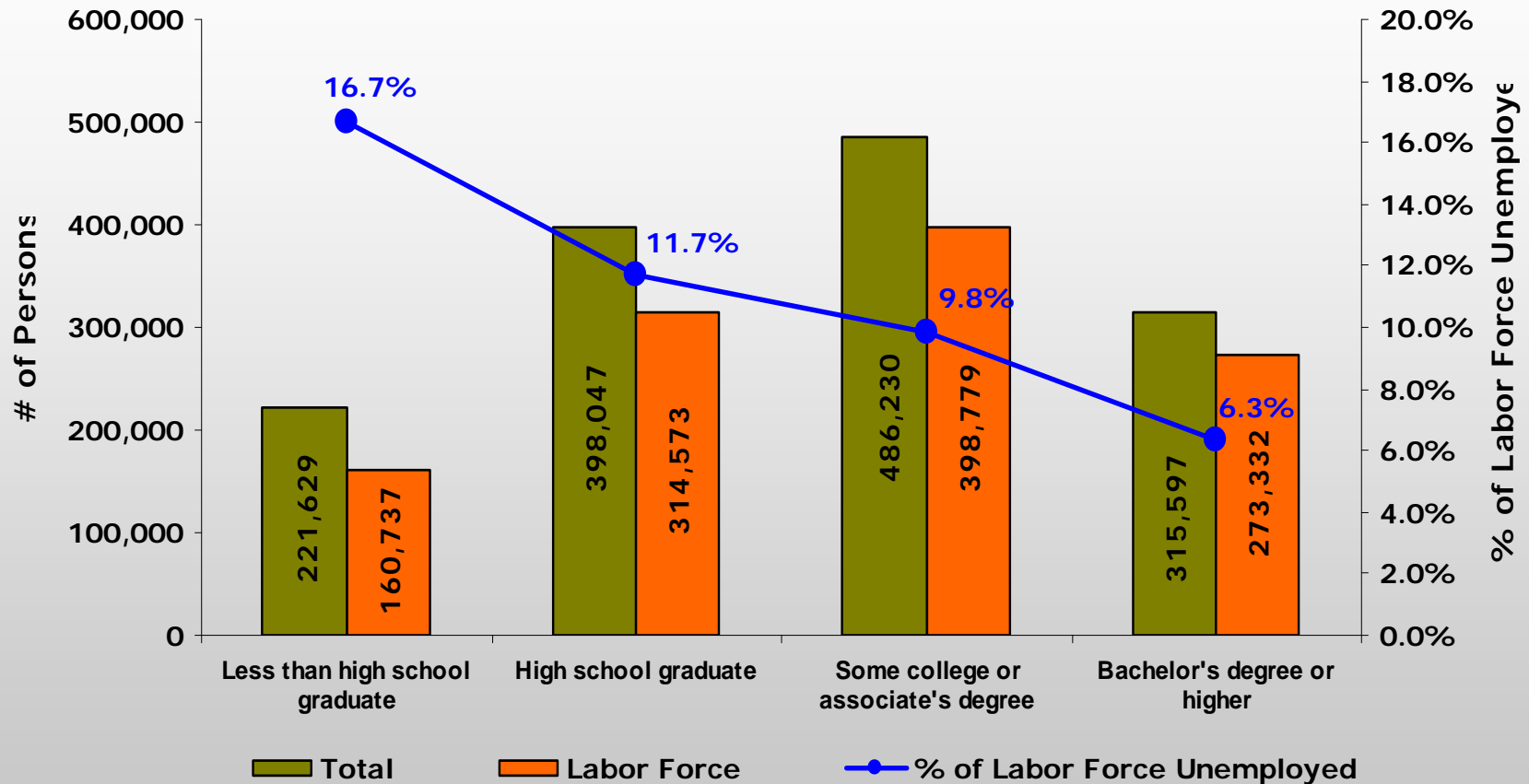
- ✓ On average, based on national 2007 data, among adults (18-64 years) with no **High School diploma** or High School diploma/GED mean net fiscal contribution was **\$4,055/per capita/yr.**
- ✓ The mean annual tax payments of 18-64 year old adults with a **Some College/Associates degree** had a net mean annual fiscal contribution of **\$10,736/per capita/yr.**
- ✓ The mean annual tax payments of 18-64 year old adults with a **Bachelor's degree plus**, had a net mean annual fiscal contribution of **\$22,663/per capita/yr.**

I. Source: U.S. Census Bureau, 2009 American Community Survey.

II. Source: Cntr. for Labor Market Studies, Northeastern University; based on 2007 national data; adults 18-64 years.

III. Represents annual net fiscal contribution to federal, state, & local governments.

Nevada Educational Attainment by Employment Status, 2009



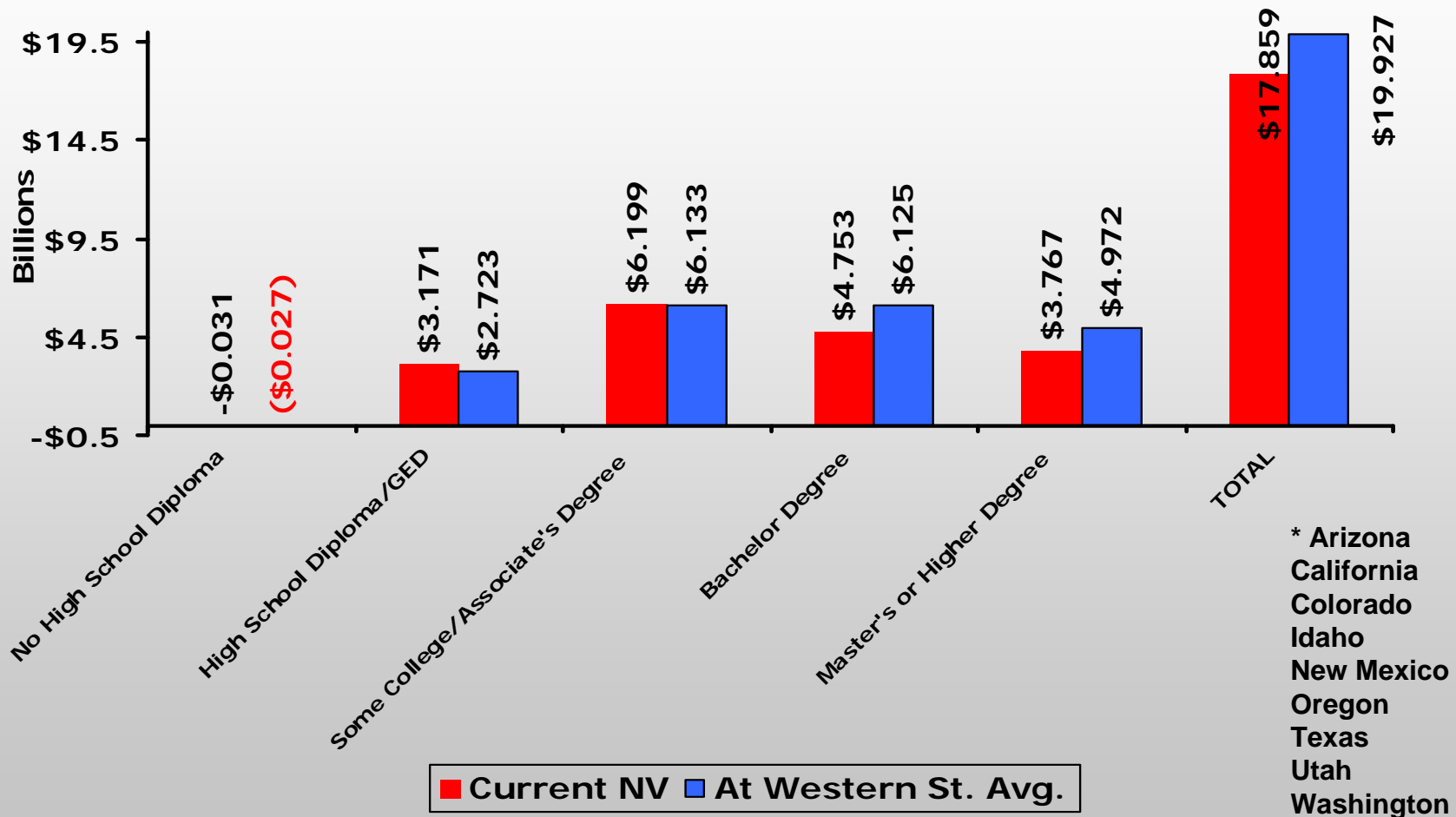
Source: 2009 American Community Survey.
 Note: For persons 25 to 64 years

Nevada at Selected Western State Average Education Attainment

Selected Western States

- ✓ Arizona
- ✓ California
- ✓ Colorado
- ✓ Idaho
- ✓ New Mexico
- ✓ Oregon
- ✓ Texas
- ✓ Utah
- ✓ Washington

Nevada Status Quo & Nevada at Western State Average*: Total Annual Net Fiscal Benefit to Federal, State & Local Governments, 2007



- I. Source: U.S. Census Bureau, 2009 American Community Survey.
- II. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data; adults 18-64 years.
- III. Represents annual net fiscal contribution to federal, state, & local governments.

Nevada Status Quo & Nevada at Western State Average: Total Annual Net Fiscal Benefit to Federal, State & Local Governments, 2007

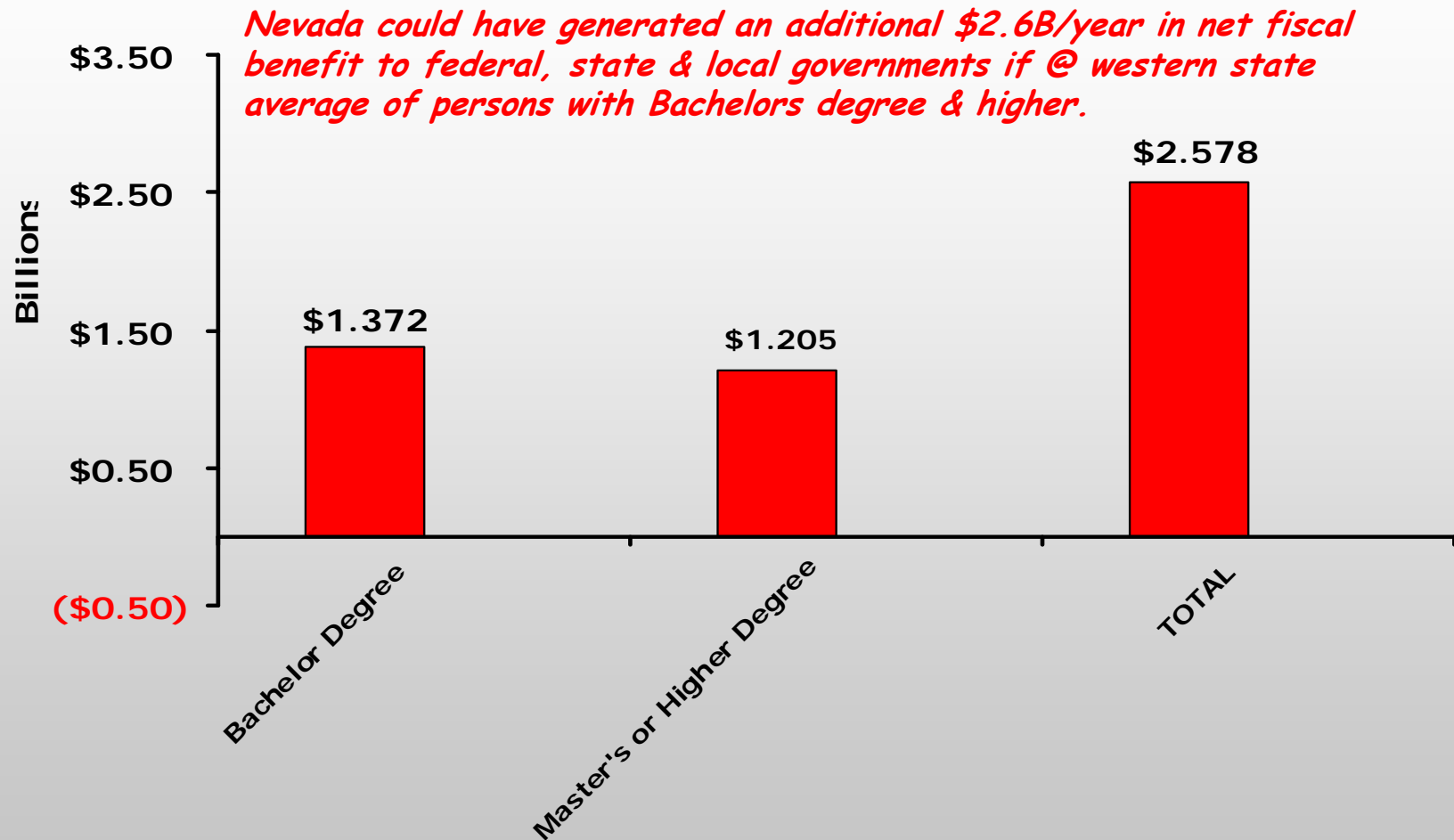
- ✓ **Nevada Status Quo:** 376,423 persons with a **Bachelor's degree & higher** are estimated to contribute app. **\$8.5B/yr.** to federal, state & local governments.
- ✓ **Nevada at Western State Average:** 489,199 persons with a **Bachelor's degree & higher** are estimated to contribute app. **\$11.1B/yr.** to federal, state & local governments if at western state average.
- ✓ This equates an additional fiscal benefit of **\$ 2.6B**, or a increase of **31%**.

I. Source: U.S. Census Bureau, 2009 American Community Survey.

II. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data; adults 18-64 years.

III. Represents annual net fiscal contribution to federal, state, & local governments.

Annual "Fiscal Opportunity" for Nevada. If Nevada were at Selected Western State Avg. Education Attainment Rate, 2007



- I. Source: U.S. Census Bureau, 2009 American Community Survey.
- II. Source: Center for Labor Market Studies, Northeastern University; based on 2007 national data; adults 18-64 years.
- III. Represents annual net fiscal contribution to federal, state, & local governments.

“Fiscal Opportunity” Overall Methodology & Main Data Sources

- ✓ Estimates of *annual net fiscal Benefit*, by education level, were obtained from “*The Consequences of Dropping Out of High School*” report prepared by team from Center for Labor Market Studies of Northeastern University in October 2009.
- ✓ Estimates are based on national projections of net fiscal contribution of adults, by education attainment, to federal, state & local governments. Following income & payroll payments to *federal government* included: Federal income tax payments, federal retirement payroll deductions & Social Security retirement payroll taxes.
- ✓ **Total Tax Payments** = Mean Federal Income Tax Payments + Mean State Income Tax Payments + Mean Federal Government Retirement Contributions + Mean Social Security Payroll (Include Employer Contribution) + Mean Expected Property Tax Payment + Mean State Sales Taxes
- ✓ **Total Transfers/Institutionalization Costs** = Mean Non-Cash Transfers + Mean Cash Transfers + Mean Jail/Prison Costs (for ages 18-60)

Source: Center for Labor Market Studies, Northeastern University.

“Fiscal Opportunity” Overall Methodology & Main Data Sources, Cont.

- ✓ **Net annual fiscal contributions** = taxes – transfers – institutionalization costs
- ✓ **Cash Transfers:** Include unemployment benefits, worker's compensation, Social Security payments, supplemental security income for the disabled & aged, public assistance income (Temporary Assistance to Needy Families, general relief), veteran's payments, survivor's income benefits & other disability income.
- ✓ **Non-Cash Transfers (In-Kind Benefits):** Include Federal Earned Income Tax Credits, market value of food stamps, market value of Medicare insurance, market value of Medicaid benefits, family market value of housing subsidies, family market value of school lunch subsidies, & energy assistance payments.

Main data sources: U.S. Census Bureau, Annual Social & Economic Supplement to the March Current Population Survey; U.S. Census Bureau, Current Population Survey; American Community Survey; U.S. Department of Treasury's Internal Revenue Service.

Source: Center for Labor Market Studies, Northeastern University.

