

CONNECTION

THE JOURNAL OF THE NEW ENGLAND BOARD OF HIGHER EDUCATION

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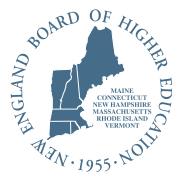
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EDITOR'S MEMO

Deep Impact

Colleges and universities love to tell the happy story of their economic impact. And they should. The money that higher education institutions and their workers and students spend on goods and services—ranging from pizzas to glistening new campus centers to lifesaving research—reverberates through the economy, creating an economic impact that far exceeds the costs of keeping college property off the tax rolls or, in the case of public campuses, the meager investment New England states make in their operating budgets.

That return on investment is a key feature of the economic impact reports that colleges and groups of colleges increasingly commission from think tanks and consulting firms in a bottom-line-oriented attempt to convince legislators and others of their worthiness.

For example, a 2004 report done for the University of Rhode Island by New York City-based Appleseed Inc. estimates that URI generated \$518 million in economic activity in Rhode Island in 2002—nearly \$5 for every \$1 it received in state funds. A University of Connecticut report says the university generated \$6.18 for every \$1 from the state.

State and local support for Connecticut's community colleges, meanwhile, will be "fully recovered" in a little over nine years in the form of higher taxes paid by educated people and reduced demand on social welfare programs, according to a report by Idaho-based CCBenefits Inc. Tax receipts are higher because higher education's thoroughly quantified "wage premium" virtually ensures that earnings are higher for associate degree-holders than for high school graduates—and higher still for bachelor's degree-holders and so forth.

Of course, the true economic impact of New England's colleges and universities is much more complex than the simple investment model suggests.

On the upside, university research creates the "spinoff" companies that power New England's technology economy.

At the same time, colleges and universities animate New England communities with "Creative Economy" intangibles ranging from antiquarian bookstores, interesting restaurants and theater groups to progressive local policies. Faculty experts bring best practices to local schools. Graduate students provide cash-strapped communities with technical expertise in areas such as water quality monitoring and wetlands protection. Students and staff take part in volunteer efforts like Keene State College's "food brigade" in which 900 people recently passed 3,600 donated cans of food from the college down Main Street to a community kitchen. Those things are, as the ad says, *priceless*.

On the downside, university spinoff activity, despite its motherhood-and-apple-pie status among economists, can create noxious byproducts. Look no farther than Cambridge, Mass., where perhaps the greatest spinoff activity on earth has also created intolerable traffic congestion and soaring housing costs.

Even the revered wage premium can be a merciless new instrument of socioeconomic stratification, creating one class of prospering "knowledge workers" and another, still larger class who, for one reason or another, remain untouched by higher education.

There are some bright spots to be sure. Several campus-based institutes are working to tackle sprawl and promote responsible growth. And many institutions are working to broaden access. For example, in collaboration with the Boston nonprofit, One Family Inc., Bunker Hill Community College this year is providing \$5,000 scholarships for previously homeless women who show academic ability, leadership qualities and a strong work ethic. But offering a path out of poverty through education is slow work—just three women are enrolled in the program in this first year.

Broader efforts are needed. One good starting point might be a *regionwide* economic impact report on New England higher education—something along the lines of those commissioned by single institutions, but taking into account all 270 colleges and universities in the six states, taking inventory of innovative strategies like Bunker Hill's and, importantly, juxtaposing economic liabilities alongside benefits. That might present enough good news for New England to effectively "market" itself, as various business boosters would like, and enough bad news to get institutions thinking about new ways to spread their benefits and address the sometimes troubling byproducts of their success.

John O. Harney is executive editor of CONNECTION.