



Washington's Community and Technical Colleges Investments in I-BEST Programs: A Cost Benefit to Students and Society

The Washington State Board for Community and Technical Colleges January 2013 Return on Investment Study analysis of the nationally recognized Integrated Basic Education and Skills Training (I-BEST) programs found that the investment of time and money returns a good fiscal yield.

The study looked at the return on investment (ROI) from a purely cost/benefit analysis and focused on the annual rate of return (ARR). It did not attempt to compare I-BEST to traditional basic skills or any other program or investment. It is a pure look at whether this "investment" of time and money returns a good yield.

The study used net present value for final calculations that allowed analysis in today's dollars. (In other words, it discounted future earnings by an inflation index.) This is the most conservative approach. The analysis concluded:

- **I-BEST Tipping Point Completers* gain an annual return on investment of 12.4% per year, more than 3 times greater than a traditional investment, reflecting substantial increases in students' earnings.**

<u>Cost to the Student Completer</u>	
Tuition (minus weighted average aid package)	\$1,117
Books	\$1,000
Fees	\$300
Foregone Wages	\$16,197
Total Student Costs	\$18,614
<u>Benefits to the Student Completer</u>	
Wage Gains	\$2,310
Income years at a higher wage	35
Total Lifetime Wage Gains (Net Present Value**)	\$79,833
Return on Investment (ROI)	329%
Annual Rate of Return (ARR)	12.4%
Pay Back Period (in years)	8.1

- **Financial benefits to taxpayers are equal to traditional investments and reflect higher tax receipts and lower social costs.**

<u>Cost to the State Taxpayer per I-BEST Completer</u>	
Enrollment Support (direct and indirect state costs of Instruction)	\$4,396
Financial Aid Support (state sources only)	\$2,883
Total State Taxpayer Costs	\$7,279
<u>Benefit to the State Taxpayer</u>	
Annual Tax Receipts from Higher Net Wage	\$289
Lower Annual Social Costs (health, criminal justice, etc.)	12%
Years at Higher Net Wage and Lower Social costs	35
Total Lifetime Taxpayer Benefits (Net Present Value)	\$10,374
Return on Investment (ROI)	42.5%
Annual Rate of Return (ARR)	4.1%
Pay Back Period (in years)	24.2

Since the Integrated Basic and Skills Training (I-BEST) program was created by Washington's community and technical college system in 2005, it has demonstrated powerful results for I-BEST students, who gain the skills that meet the demands of local employers and move families into the middle class.

*The model assumes a Tipping Point completer within two years of starting, who is receiving state-funded financial aid.

** Includes deflation calculation.