



CHATTANOOGA REGION TALENT DIVIDEND INITIATIVE

Impact of College Attainment

The estimates and illustrations (Figures 1 and 2) are based on the work of Trostel, Phillip A., a visiting scholar working with the New England Public Policy Center at the Federal Reserve Bank of Boston. The data are intended to provide a general idea of the impact of college attainment. They do not reflect specific economic conditions (i.e. wages, revenue, etc.) relative to Alabama, Georgia and Tennessee.

Over an average lifetime, the attainment of each college degree (associate's, bachelor's, master's, professional and doctorate translated as four-year-equivalent degree based on weighted averages) has an annual fiscal effect regarding 1) State and local sale taxes – increase by more than \$27,000.00, 2) local property taxes- increase by \$38,000.00 and 3) public assistance – decrease by more than \$10,000.00.

Regarding annual per capita income (Talent Dividend, Rates of Growth, Lumina Foundation), each additional percentage point improvement in adult college attainment is associated with an \$845.00 increase in annual regional per capita income. Additional income typically yields more revenue for the region. It represents the propensity to consume locally. Money spent locally becomes local income. Therefore, the multiplier affect stemming from increased education grows and sustains a strong region economy. Regions with higher levels of education not only have higher incomes but also more rapid rates of income growth.

Considering age 25-64 (39 years) as prime working years, the annual property tax yield per equivalent degree “based on weighted averages” could be ~\$974.36

Considering State and Local sales taxes and prime working years ages 25-64 (39 years) the annual State and Local sales tax yield per degree could be ~\$692.00.

Considering public assistance and prime working years 25-64 (39 years) the annual public assistance would decrease per equivalent degree by ~\$256.00.

¹Trostel, Philip A., The Fiscal Impacts of College Attainment, New England Public Policy Center at the Federal Reserve Bank of Boston – working papers prepared while serving as visiting scholar at the Center.

The average wage increase of a degree holder has been estimated between \$763 and \$845 (Lumina Foundation) based on MSA data. Many variables are at play such as: 1) degree discipline (major), 2) geographical location, 3) national economy, 4) volatility of job market, 5) employee performance and 6) career and job changes etc. The \$845 annual wage is used here to lift aspirational attitudes and behaviors that presuppose the strategic recruitment of businesses. Please see figure 1 (2017 at 1% gain) and Figure 2(2026 at 2% gain) relative to the impact by county and region.

A job of a lifetime no longer lasts a lifetime. Career change statistics suggest persons will be making 5-7 career changes and become employed in 12-15 jobs during a working lifetime. Education today is more keenly recognized as the best preparation for what lies ahead as “Talent Changes Everything”™. Among other benefits shown in Figure 1 and Figure 2 research indicates that an “increase of one percent in the average education level of the labor force is associated with an increase in labor productivity of 7-10% in the short and 11-15% in the long run” (U.K Commissions for Employment and Skills, July 2010). Other firm-level productivity and competitiveness is associated with improved education.

The importance and value of education is unquestionable regarding the workforce and economy. Early-on the choices young people make as they complete high school have a direct bearing as the future workforce. The College Board/National Journal Next America Poll reported by Ronald Brownstein, April 11, 2014, The Atlantic addresses the choice of youth regarding continuing their education or entering the workforce immediately upon completing high school. The poll shows that 55 percent of all children from two degree families reported obtaining a college degree, compared with 23 percent of children from no-degree families. Further, 90 percent of continuing postsecondary education immediately after high school indicated they would do it again. Those entering the workforce upon high school completion indicated, if they had it to do over, they would have pursued education immediately. Family economic circumstances, in a lot of cases, required them to help support the family financially. Some Poll respondents said they had no difficulty getting a job and promotion without a degree but employer’s today prefer applicants have a college degree.

Family influence is powerful, particularly among college educated parents versus non-college parents. Youth faced with a future of 5-7 career changes and 12-15 jobs in a working lifetime is a daunting reality of the 21st century. Many children and youth would benefit, if parent(s), without postsecondary education, especially those with some college would become college completers.

The Chattanooga Region Talent Dividend Initiative is helping facilitate this potential, working with businesses, higher education, PK-12 education, Chambers of Commerce, government entities, non-profits and others to strengthen the workforce, local economy and quality of life in the tri-state 16 county region.

FIGURE 1

CHATTANOOGA REGION TALENT DIVIDEND INITIATIVE

County (2017 @1% gain)	#Two Year/ Four Year Degree est.	Increase in Annual Income	Annual Property Tax Revenue	Annual State and Local Tax Revenue	Annual Public Assistance \$ Decrease
Hamilton	582	\$491,790.00	\$567,077.52	\$402,744.00	-\$52,484.00
Marion	49	\$41,405.00	\$47,743.64	\$33,908.00	-\$12,838.00
Sequatchie	27	\$22,815.00	\$26,307.72	\$18,684.00	-\$7,074.00
Catoosa	113	\$95,485.00	\$110,102.68	\$78,196.00	-\$29,606.00
Dade	31	\$26,195.00	\$30,205.16	\$21,452.00	-\$8,122.00
Walker	111	\$93,795.00	\$108,153.96	\$76,812.00	-\$29,082.00
Bradley	161	\$136,045.00	\$156,871.96	\$111,412.00	-\$42,182.00
Polk	28	\$23,660.00	\$27,282.08	\$19,376.00	-\$7,336.00
Murray	54	\$45,630.00	\$52,615.44	\$37,368.00	-\$14,148.00
Whitfield	137	\$115,765.00	\$133,487.32	\$94,804.00	-\$35,894.00
DeKalb	94	\$79,430.00	\$91,589.84	\$65,048.00	-\$24,628.00
Jackson	63	\$53,235.00	\$61,384.68	\$43,596.00	-\$16,506.00
Bledsoe	25	\$21,125.00	\$24,359.00	\$17,300.00	-\$6,550.00
McMinn	72	\$60,840.00	\$70,153.92	\$49,824.00	-\$18,864.00
Meigs	25	\$21,125.00	\$24,359.00	\$17,300.00	-\$6,550.00
Rhea	51	\$43,095.00	\$49,692.36	\$35,292.00	-\$13,362.00
Grand Total Region	1623	\$1,371,435.00	\$1,581,386.28	\$1,123,116.00	-\$425,226.00

FIGURE 2

CHATTANOOGA REGION TALENT DIVIDEND INITIATIVE

County (2026 @ 2% gain)	#Two Year/ Four Year Degree est.	Increase in Annual Income	Annual Property Tax Revenue	Annual State and Local Tax Revenue	Annual Public Assistance \$ Decrease
Hamilton	1208	\$1,020,760.00	\$1,177,026.88	\$835,936.00	-\$316,495.00
Marion	141	\$119,145.00	\$137,384.76	\$97,572.00	-\$36,942.00
Sequatchie	98	\$82,810.00	\$95,487.28	\$67,816.00	-\$25,676.00
Catoosa	270	\$228,150.00	\$263,077.20	\$186,840.00	-\$70,740.00
Dade	107	\$90,415.00	\$104,256.52	\$74,044.00	-\$28,034.00
Walker	264	\$223,080.00	\$257,231.04	\$182,688.00	-\$69,168.00
Bradley	365	\$308,425.00	\$355,641.40	\$252,580.00	-\$95,630.00
Polk	99	\$83,655.00	\$96,461.64	\$68,508.00	-\$25,938.00
Murray	151	\$127,595.00	\$147,128.36	\$104,492.00	-\$39,562.00
Whitfield	318	\$268,710.00	\$309,846.48	\$220,056.00	-\$83,316.00
DeKalb	232	\$196,040.00	\$226,051.52	\$160,544.00	-\$60,784.00
Jackson	169	\$142,805.00	\$164,666.84	\$116,948.00	-\$44,278.00
Bledsoe	92	\$77,740.00	\$89,641.12	\$63,664.00	-\$24,104.00
McMinn	188	\$158,860.00	\$183,179.68	\$130,096.00	-\$49,256.00
Meigs	94	\$79,430.00	\$91,589.84	\$65,048.00	-\$24,628.00
Rhea	144	\$121,680.00	\$140,307.84	\$99,648.00	-\$37,728.00
Grand Total Region	3940	\$3,329,300.00	\$3,383,978.00	\$2,726,480.00	-\$1,032,280.00