



AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

BUILDING LOCAL ECONOMIES OF SCALE:

THE IMPACT OF TRIBAL COLLEGES & UNIVERSITIES IN RURAL AMERICA

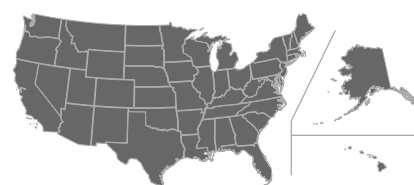


AIHEC ECONOMIC IMPACT STUDY | EXECUTIVE SUMMARY

SEPTEMBER 9, 2025



THE NATION'S 35 TRIBAL COLLEGES AND UNIVERSITIES (TCUs)¹ create value in many ways. TCUs play a key role in helping students increase their employability and achieve their individual potential. TCUs provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, TCUs are places for students to meet new people, increase their self-confidence, and promote their overall health and well-being.



The United States

TCUs influence both the lives of students and the national economy. TCUs support a variety of industries in the U.S., serve businesses, and benefit society as a whole in the nation from an expanded economy and improved quality of life. Additionally, the benefits created by TCUs extend to the government through increased tax revenues and public sector savings.

This study measures the economic impacts created by TCUs on the business community and the benefits TCUs generate in return for the investments made by their key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

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lives of students and the
national economy.

Economic impact analysis

Investment analysis

All results reflect employee, student, and financial data, provided by TCUs, for fiscal year (FY) 2022-23.² Impacts on the U.S. economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in U.S. are reported under the investment analysis.

¹ See Appendix 1 in the main report for a list of TCUs.

² For TCUs unable to provide data, information was compiled by Lightcast from the Integrated Postsecondary Education System (IPEDS).

Economic impact analysis



TCUs promote economic growth in the U.S. by creating and developing a skilled workforce. TCUs are primary sources of education for tribes and tribal people throughout the U.S. and are suppliers of trained workers to U.S. and tribal industries. The added income, or gross domestic product, that these students generate over the course of their careers is a source of prosperity for the nation.

Alumni impact



The education and training TCUs provide for their students generate substantial value to the national economy. Since TCUs were first established, students have studied at the institutions and entered the national workforce with greater knowledge and new skills. Today, tens of thousands of former TCU students are employed in the U.S. As a result of their education from TCUs, the students receive higher earnings and increase the productivity of the businesses that employ them.

In FY 2022-23, alumni of TCUs generated \$3.8 billion in added income, or gross domestic product, for the national economy. This impact can also be expressed in terms of jobs supported. The \$3.8 billion impact supported 40,732 national jobs, using the jobs-to-sales ratios specific to each industry in the nation.

In addition, the \$3.8 billion, or 40,732 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, alumni of TCUs in the Health Care & Social Assistance industry sector supported 7,692 jobs in FY 2022-23. If TCUs didn't exist, these impacts would not have been generated in the U.S.

Income created by
TCUs in FY 2022-23



Total alumni impact
\$3.8 billion

OR



Jobs supported
40,732

TCUs impacts by industry
(jobs supported)



7,692

Health Care & Social Assistance



3,843

Retail Trade



3,346

Professional & Technical Services



3,227

Other Services (except
Public Administration)



2,974

Government, Non-Education





An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates TCUs as an investment from the perspectives of students, taxpayers, and society nationwide. As with the economic impact analysis, this analysis considers only FY 2022-23 activities.

Student perspective



In FY 2022-23, TCUs served 22,014 credit and 6,501 non-credit students. In order to attend TCUs, the students paid for tuition, fees, books, and supplies. Some students also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by AIHEC TCUs students in FY 2022-23 amounted to a present value of \$99.0 million, equal to \$43.8 million in out-of-pocket expenses (including future principal and interest on student loans) and \$55.3 million in forgone time and money.

In return for their investment, TCU students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average TCU associate degree graduate from FY 2022-23 will see annual earnings \$9,400 higher than a person with a high school diploma or equivalent working in the U.S. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$347,800 in higher earnings per graduate. The present value of the cumulative higher future earnings that AIHEC TCUs's FY 2022-23 students will receive over their working careers is \$742.1 million.

The students' benefit-cost ratio is 7.5. In other words, for every dollar students invest in an education at TCUs in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$7.50 in higher future earnings. Annually, the students' investment in TCUs has an average annual internal rate of return of 27.2%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

Students see a high rate of return for their investment in TCUs



Average annual return for TCUs students
27.2%



Stock market 30-year average annual return
10.1%

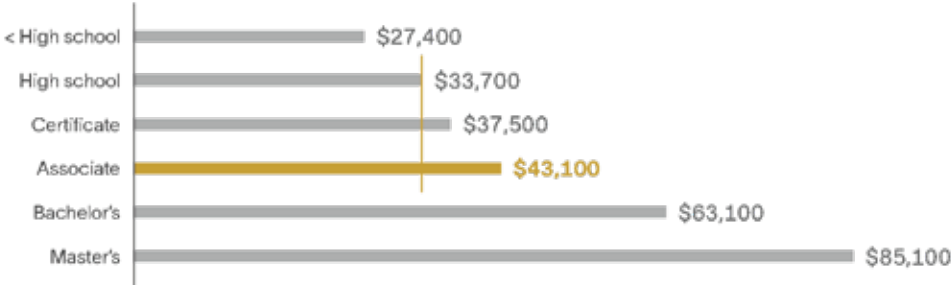


Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

Average earnings by education level at career midpoint

The average associate degree graduate from AIHEC TCUs will see an increase in earnings of **\$9,400** each year compared to a person with a high school diploma or equivalent working in the U.S.



Source: Lightcast employment data

Taxpayer perspective



TCUs generate more in tax revenue than they receive. These benefits to taxpayers consist primarily of taxes that the local, state, and federal government will collect from the added revenue created in the nation. As TCU students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2022-23 students' working lives, the government will have collected a present value of \$785.6 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of students attending TCUs and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that TCU students receive will generate savings and efficiencies in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. TCU students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the American Indian Higher Education Consortium (AIHEC) for a copy of the main report. Altogether, the present value of the benefits associated with an education through TCUs will generate \$96.8 million in savings to national taxpayers.

Total taxpayer benefits amount to \$882.4 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$568.6 million, equal to the amount of government funding TCUs received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 1.6. This means that for every dollar of public money invested in TCUs in FY 2022-23, taxpayers will receive a cumulative present value of \$1.60 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 3.2%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in TCUs, taxpayers will receive a cumulative value of **\$1.60** over the course of the students' working lives.



Social perspective



Society as a whole in the U.S. benefits from the presence of TCUs in two major ways. Primarily, society benefits from an increased economic base in the nation. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in the U.S.

Benefits to society also consist of the savings generated by the improved lifestyles of TCU students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with

smoking, obesity, substance abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact AIHEC for a copy of the main report.

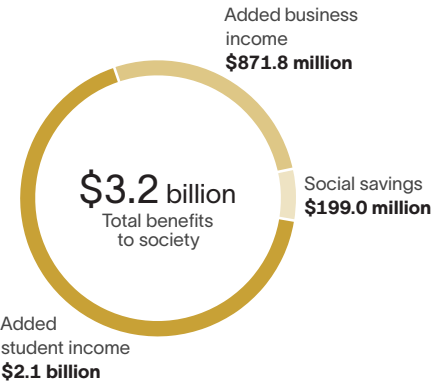
Altogether, the social benefits of TCUs equal a present value of \$3.2 billion. These benefits include \$2.1 billion in added student income, \$871.8 million in added business income, as well as \$199.0 million in social savings related to health, the justice system, and income assistance. People in the U.S. invested a present value total of \$668.4 million in AIHEC TCUs in FY 2022-23. The cost includes all the government funding and student costs.

The benefit-cost ratio for society is 4.8, equal to the \$3.2 billion in benefits divided by the \$668.4 million in costs. In other words, for every dollar invested in TCUs, people in the U.S. will receive a cumulative value of \$4.80 in benefits. The benefits of this investment will occur for as long as FY 2022-23 TCU students remain employed in the national workforce.

Summary of investment analysis results




The results of the analysis demonstrate that TCUs are a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education through TCUs. At the same time, taxpayers’ investment in TCUs returns more to government budgets than it costs and creates a wide range of social benefits throughout the nation.

Social benefits from TCUs nationwide



Source: Lightcast impact model

Summary of investment analysis results

 Student perspective	 Taxpayer perspective	 Social perspective
<div>Present value benefits \$742.1 million</div> <div>Present value costs \$99.0 million</div> <div>Net present value \$643.0 million</div>	<div>Present value benefits \$882.4 million</div> <div>Present value costs \$568.6 million</div> <div>Net present value \$313.9 million</div>	<div>Present value benefits \$3.2 billion</div> <div>Present value costs \$0.7 billion</div> <div>Net present value \$2.5 billion</div>
<div>Benefit-cost ratio 7.5</div> <div>Rate of return 27.2%</div>	<div>Benefit-cost ratio 1.6</div> <div>Rate of return 3.2%</div>	<div>Benefit-cost ratio 4.8</div> <div>Rate of return n/a*</div>

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

Conclusion

*The results of this study demonstrate that TCUs create value from **multiple perspectives**.*

TCUs benefit businesses by increasing consumer spending and supplying a steady flow of qualified, trained workers to the workforce. TCUs enrich the lives of students by raising their lifetime earnings and helping them achieve their individual potential. TCUs benefit taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, TCUs benefit society as a whole in the U.S. by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2022-23 academic and financial reports from TCUs, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact AIHEC for a copy of the main report.

