



BUILDING LOCAL ECONOMIES OF SCALE:

THE IMPACT OF TRIBAL COLLEGES & UNIVERSITIES IN RURAL AMERICA

AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

NEW MEXICO TRIBAL COLLEGES & UNIVERSITIES ECONOMIC IMPACT STUDY

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AT-A-GLANCE: NEW MEXICO TCUs ECONOMIC IMPACT



Impact of New Mexico TCUs

New Mexico Tribal Colleges & Universities (TCUs) generate more benefits for national taxpayers than the TCUs cost to support. (FY2022-2023 Data)



New Mexico TCUs

There are three (3) Tribal Colleges located in the state of New Mexico out of 35 total Tribal Colleges & Universities across the nation. Those three colleges include: Institute of American Indian Arts (IAIA); Southwestern Indian Polytechnic Institute (SIPI); and Navajo Technical University.



Return on Investment

For every dollar of public money invested in New Mexico TCUs, national taxpayers will receive a cumulative value of \$1.60 over the course of the students' working lives. (FY2022-2023 Data)



\$167.5 Million & 2,469 Jobs

New Mexico TCUs added \$167.5 million in income to the New Mexico economy during the analysis year, equal to the sum of operations and construction spending impacts; the student spending impact; and the alumni impact. The \$167.5 million impact supported 2,469 state jobs, using the jobs-to-sales ratios specific to each industry in the state. (FY2022-2023 Data)

EXECUTIVE SUMMARY

New Mexico Tribal Colleges and Universities¹ (New Mexico TCUs) create value in many ways. The institutions play a key role in helping students increase their employability and achieve their individual potential. The institutions draw students to the state, generating new dollars and opportunities for New Mexico. The institutions provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the institutions are places for students to meet new people, increase their self-confidence, and promote their overall health and well being.

New Mexico TCUs influence both the lives of students and the state economy. The institutions support a variety of industries in New Mexico, serve state businesses, and benefit society as a whole in from an expanded economy and improved quality of life. Additionally, the benefits created by New Mexico TCUs extend to the local, state, and federal government through increased tax revenues and public sector savings.

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

- Economic impact analysis
- Investment analysis

All results reflect employee, student, and financial data, provided by the institutions, for fiscal year (FY) 2022-23. Impacts on the New Mexico 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 are reported under the investment analysis.

¹ New Mexico TCUs consist of the Institute of American Indian Arts, Navajo Technical University, and Southwestern Indian Polytechnic Institute.

NEW MEXICO TCUs ECONOMIC IMPACT SUMMARY

New Mexico TCUs promote economic growth in New Mexico through their direct expenditures and the resulting expenditures of students and state businesses. The institutions serve as employers and buyers of goods and services for their day-to-day and construction operations. The institutions' reputation and activities attract students from outside New Mexico, whose expenditures benefit state vendors. In addition, the institutions are primary sources of higher education to New Mexico residents and suppliers of trained workers to state industries, enhancing overall productivity in the state workforce.

TCU OPERATIONS SPENDING IMPACT

New Mexico TCUs add economic value to New Mexico as employers of state residents and large-scale buyers of goods and services. In FY 2022-23, the institutions employed 775 full-time and part-time faculty and staff, 98% of whom lived in New Mexico. Total payroll at New Mexico TCUs was \$42.4 million, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the institutions spent \$55.3 million on expenses related to facilities, supplies, and professional services (excluding construction).

The operations spending of New Mexico TCUs added \$56.9 million in income to the state during the analysis year. This figure represents the institutions' payroll, the multiplier effects generated by the in-state spending of the institutions and their employees, and a downward adjustment to account for funding that the institutions received from state sources. The \$56.9 million in added income is equivalent to supporting 921 operations-related jobs in the state.

IMPACTS CREATED BY NEW MEXICO TCUs

(FY2022-23)

\$56.9 million

Operations Spending Impact

\$0.4 million

Construction Spending Impact

\$8.5 million

Student Spending Impact

\$101.7 million

Alumni Impact

\$167.5 million

Total Impact

2,469

Total Jobs Supported

NEW MEXICO TCUs ECONOMIC IMPACT SUMMARY

CONSTRUCTION SPENDING IMPACT

New Mexico TCUs invest in capital projects each year to maintain facilities, create additional capacities, and meet growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the state economy. In FY 2022-23, the institutions' construction spending generated \$355.1 thousand in added income, which is equivalent to supporting six jobs.

STUDENT SPENDING IMPACT

Around 15% of students attending New Mexico TCUs originated from outside the state in FY 2022-23, and some of these students relocated to New Mexico to attend the institutions. These students may not have come to the state if the institutions did not exist. In addition, some in-state students, referred to as retained students, would have left New Mexico if not for the existence of New Mexico TCUs. While attending the institutions, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. Also attributable to New Mexico TCUs is the increased spending of in-state students who would have remained in New Mexico even if the institutions had not existed. Because of the federal scholarships and grants these students received, they spend more money in the state while attending college than they would have had they not attended the institutions. In total, New Mexico TCU student spending generated \$8.5 million in added income for the state economy in FY 2022-23, which supported 151 jobs in New Mexico.



Photos courtesy of Institute of American Indian Arts (IAIA) and Navajo Technical University (NTU).

NEW MEXICO TCUs ECONOMIC IMPACT SUMMARY

ALUMNI IMPACT

The education and training the institutions provide for state residents has the greatest impact. Since the institutions were established, students have studied at New Mexico TCUs and entered the state workforce with greater knowledge and new skills. Today, thousands of former New Mexico TCU students are employed in New Mexico. As a result of their education from New Mexico TCUs, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, New Mexico TCU alumni generated \$101.7 million in added income for the state economy, which is equivalent to supporting 1,391 jobs.



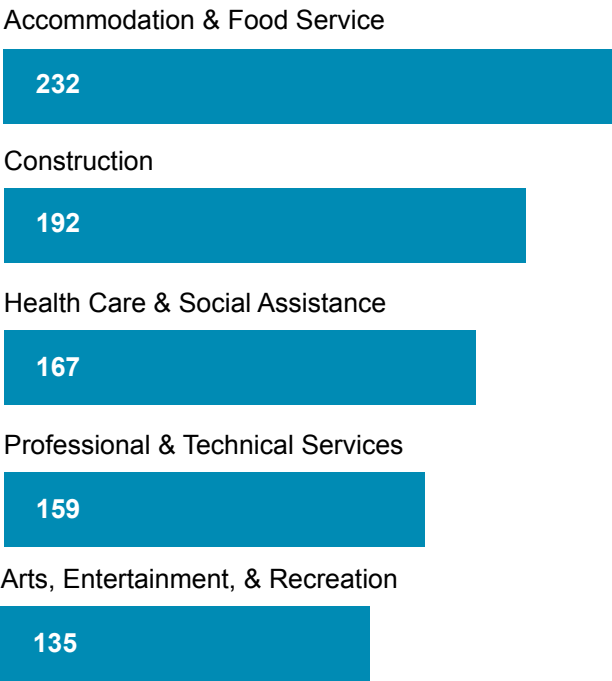
TOTAL TCU ECONOMIC IMPACT IN NEW MEXICO

New Mexico TCUs added \$167.5 million in income to the New Mexico economy during the analysis year, equal to the sum of operations and construction spending impacts; the student spending impact; and the alumni impact.

The total impact of New Mexico TCUs can also be expressed in terms of jobs supported. The \$167.5 million impact supported 2,469 state jobs, using the jobs-to-sales ratios specific to each industry in the state. In addition, the \$167.5 million, or 2,469 supported jobs, stemmed from different industry sectors. For instance, among non education industry sectors, the spending of New Mexico TCUs and their students and the activities of their alumni in the Health Care & Social Assistance industry sector supported 167 jobs in FY 2022-23. If the institutions did not exist, these impacts would not have been generated in New Mexico.

IMPACT OF NEW MEXICO TCUs BY INDUSTRY

(Jobs Supported FY2022-2023 Data)



INVESTMENT ANALYSIS

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

TAXPAYER PERSPECTIVE

New Mexico TCUs generate more in national tax revenue than they receive. These benefits to taxpayers consist primarily of taxes that the government will collect from the added revenue created in the nation and state. As New Mexico 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. At the national level, the government will have collected a present value of \$112.9 million in added taxes by the end of the FY 2022-23 students' working lives. At the state level, New Mexico will have collected a present value of \$18.1 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of students attending New Mexico TCUs and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that New Mexico TCU students receive will generate savings 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. New Mexico TCU students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. Altogether, the present value of the benefits associated with an education through New Mexico TCUs will generate \$18.4 million in savings to national taxpayers.

New Mexico TCUs generate more benefits for national taxpayers than they cost to support.

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

Taxpayers in New Mexico will experience \$5.9 million in government savings. Total national taxpayer benefits amount to \$131.3 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$83.7 million, equal to the amount of government funding New Mexico 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 New Mexico TCUs in FY 2022-23, national taxpayers will receive a cumulative present value of \$1.60 over the course of the students' working lives. In other words, New Mexico TCUs generate more benefits for national taxpayers than they cost to support.

INVESTMENT ANALYSIS

TAXPAYER PERSPECTIVE (CONTINUED)

Although it is not recommended to directly compare benefit-cost ratios between institutions since many factors influence them, any benefit-cost ratio above 1.0 is significant and indicates that the institution generates a surplus of benefits. Additionally, the average annual internal rate of return for national taxpayers is 3.2%, which compares favorably to other long-term investments in the public sector.

From the state perspective, New Mexico taxpayer benefits amount to \$24.0 million, which will

accrue in the future as long as the FY 2022-23 student population of New Mexico TCUs remains in the state workforce. Taxpayers in New Mexico provided New Mexico TCUs with \$12.9 million of funding in FY 2022-23. For every dollar of public money invested in the institutions, New Mexico taxpayers will receive \$1.90 in return over the course of FY 2022-23 students' working lives. The average annual rate of return for state taxpayers is 8.1%.

STUDENT PERSPECTIVE

In FY 2022-23, New Mexico TCUs served 2,692 credit and 811 non-credit students. In order to attend the institutions, the students paid for tuition, fees, books, and supplies. They also gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by New Mexico TCU students in FY 2022-23 amounted to a present value of \$12.6 million, equal to \$9.1 million in out-of-pocket expenses and \$3.5 million in forgone time and money.

In return for their investment, New Mexico TCU students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average New Mexico TCU bachelor's degree graduate from FY 2022-23 will see annual earnings \$23,400 higher than a person with a high school diploma or equivalent working in New Mexico. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$889,200 in higher earnings per graduate.

The present value of the cumulative higher future earnings that New Mexico TCU FY 2022-23 students will receive over their working careers is \$83.4 million.

The average bachelor's degree graduate from New Mexico TCUs will see an increase in earnings of **\$23,400 each year** compared to a person with a high school diploma or equivalent working in New Mexico.

High School | \$31,800

Certificate | \$35,800

Associate | \$49,900

Bachelor's | \$55,200

Master's | \$69,500

INVESTMENT ANALYSIS

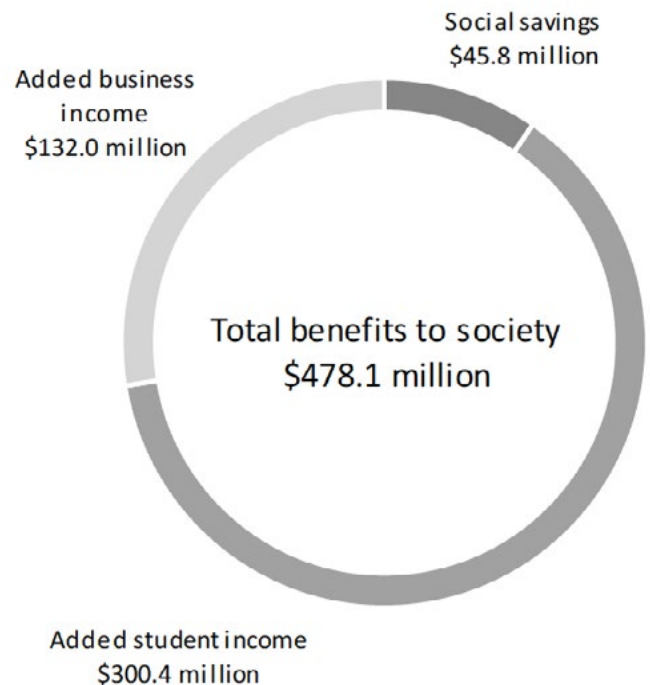
SOCIAL PERSPECTIVE

Society as a whole benefits from the presence of New Mexico 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. 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.

Altogether, the social benefits of New Mexico TCUs equal a present value of \$478.1 million. These benefits include \$300.4 million in added student income, \$132.0 million in added business income, as well as \$45.8 million in social savings related to health, the justice system, and income assistance in the U.S. People in the U.S. invested a present value total of \$100.2 million in New Mexico TCUs in FY 2022-23. The cost includes all government expenditures and student costs.

The benefit-cost ratio for society is 4.8, equal to the \$478.1 million in benefits divided by the \$100.2 million in costs. In other words, for every dollar invested in New Mexico 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 New Mexico TCU FY 2022-23 students remain employed in the workforce.

SOCIAL BENEFITS FROM NEW MEXICO TCUs NATIONWIDE



INVESTMENT ANALYSIS

SUMMARY OF INVESTMENT ANALYSIS RESULTS

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

NATIONAL TAXPAYERS

\$131.3 million

Present value benefits

\$83.7 million

Present value costs

\$47.6 million

Net present value

1.6 3.2%

Benefit-cost ratio Rate of return

STATE TAXPAYERS

\$24.0 million

Present value benefits

\$12.9 million

Present value costs

\$11.1 million

Net present value

1.9 8.1%

Benefit-cost ratio Rate of return

STUDENT PERSPECTIVE

\$83.4 million

Present value benefits

\$12.6 million

Present value costs

\$70.8 million

Net present value

6.6 26.0%

Benefit-cost ratio Rate of return

SOCIAL PERSPECTIVE

\$478.1 million

Present value benefits

\$100.2 million

Present value costs

\$377.9 million

Net present value

4.8 n/a*

Benefit-cost ratio Rate of return

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



ABOUT THE STUDY

This study is part of a series of Economic Impact Studies conducted in partnership with the American Indian Higher Education Consortium (AIHEC) and Lightcast. Lightcast provides colleges and universities with labor market data that helps create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and resumes. Visit lightcast.io/solutions/education to learn more or connect with us.

Data and assumptions used in the study are based on several sources, including the FY 2022-23

academic and financial reports from New Mexico 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 the American Indian Higher Education Consortium for a copy of the main report.

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