

# Investing in Futures

Assessing the ROI of Education at the Eight Historically Black (HBCC) and Predominantly Black (PBCC) Community Colleges in the State of Alabama

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#### The Center for Innovation in Postsecondary Education (CIPE), University of South Alabama

CIPE serves community colleges, universities, postsecondary partners, employers, and community partners to improve graduation rates and workforce outcomes for first-generation, under-represented, and under-resourced students. CIPE unifies the work of its partner communities to provide maximum benefit for participating institutions and the students they serve. CIPE assists higher education institutions in becoming more student-centered and equity-focused. CIPE catalyzes change among postsecondary institutions in digital teaching and learning, student advising, developmental education, student pathways, and capacity building, among other topics. Focusing on these objectives improves student outcomes and eliminates disparities, particularly among Black, Latino/a/x, and Indigenous students and students from low-income backgrounds.

Since 2015, Dr. Thompson and her team have honed their skill in creating partner communities, building consensus to articulate a shared learning agenda, and skillfully building relationships with site-facing supports and support providers. CIPE's purposeful and uniquely accomplished team is staffed by experts with the skill, knowledge, and ability to perform precisely at both the macro and micro levels. They develop unique operational service delivery frameworks for guidance, planning, strategy, and resources for partners to deploy in change management. CIPE's service deliverable supports constructs of holistic student success initiatives to serve students effectively and efficiently. The team's technical assistance enables partner institutions to build capacity by better understanding the practice of data utilization for decision-making and deploying efficiency in all-encompassing student success support.

**Dr. Kathy Thompson** is the Founding Director of the Center for Innovative in Postsecondary Education. She has over 30 years of experience in postsecondary administration, teaching, and workforce and economic development. Dr. Thompson currently serves as the Technical Assistance provider for the Lumina Foundation, Black Adult Learners Initiatives cohort of five HBCUs in North Carolina. Prior, Dr. Thompson served six years as the Historically Black Colleges and Universities (HBCU) Intermediary for the Bill and Melinda Gates Foundation Frontier Set. She is motivated to eliminate equity disparities in education, particularly for Black, Latinx, and Indigenous students and students from Iow-income backgrounds.

**Dr. Lisa Dunning**, Kaizen Education Group, has a deeprooted passion for higher education. She served three years as a consultant on the Historically Black Colleges and Universities (HBCU) Intermediary Team for the Bill and Melinda Gates Foundation Frontier Set. Dr. Dunning currently lends her expertise through technical assistance and strategic guidance to the Lumina Foundation's Adult Learner Initiative and Educause's CourseGateway Digital Learning Strategy. A significant chapter of her career includes her leadership role as the Associate Vice President for Student Success at a distinguished HBCU. Dr. Dunning's visionary thinking was instrumental in developing and implementing a newly designed academic advising framework, the cornerstone of student support systems.

**Carlisha Hartzog** is the Storytelling Team Project Manager, overseeing the project's design, management schedule, and outreach. She is the president and managing member of Hartzog Consulting, a full-service project and event management firm that integrates logistics management and communications support to support some of the world's most respected foundations, Fortune 500 corporations, and multinational enterprises. Her experience supporting higher education organizations includes engagement with the Bill & Melinda Gates Foundation, Association of Public & Land-Grant Universities (APLU), Historically Black Colleges and Universities. She has more than ten years of experience managing initiatives that embrace diverse populations to create equitable access to resources and opportunities.

**Candace Spencer** is a communication specialist with more than a decade of experience in higher education marketing and strategy development. Throughout her career, she has

provided valuable support to numerous postsecondary institutions spanning 21 states. She offers in-depth strategy analysis, creates impactful digital and print communication materials, crafts compelling written content, delivers training sessions that are both informative and engaging, guides brand evolution, and provides recommendations to help clients stay ahead of the competition.

Lisa Becker is a technical writer/editor with 28 years of experience contributing to projects and workgroups, including as Contributing Writer and Managing Editor of the Storytelling Team. She served as the communications arm of the Bill & Melinda Gates Foundation's HBCU Intermediary Team from 2018 to 2022. She is currently contracted with the NASA Shared Services Center to work with NASA senior executives in drafting career history/achievement papers and Presidential Rank Nominations for executive career advancement and recognition.

**Issifu Appiah** is a student in the Master of Public Administration program at the University of South Alabama. Issifu earned a Bachelor's in Education from the University of Cape Coast, Ghana, West Africa. Issifu is a Graduate Assistant at the Center for Innovation in Postsecondary Education (CIPE). Issifu has a passion for learning, participating in community service, and having a positive impact.

In collaboration with the ECMC Foundation, the Center for Innovation in Postsecondary Education (CIPE) and Alabama Possible are delighted to share the first of a series of case studies. The focus is on the eight Historically Black Community Colleges (HBCC) and Predominantly Black Community Colleges (PBCC) in Alabama, collectively known as the "Great Eight." The eight HBCCs/PBCCs are Bishop State, Chattahoochee Valley, Gadsden State, George C Wallace, H. Councill Trenholm, J F Drake, Lawson State, and Shelton State. Over the next three years, Alabama Possible will consult with the CIPE Team to create case studies highlighting the successful initiatives of various institutions in promoting student success. These studies will cover a range of topics, including Academic Advising and Workforce Development, as well as the academic experience, campus climate, leadership and culture, data utilization, and technology. The CIPE Team's Storytellers conclude the project by developing a Storytelling Playbook that outlines these institutions' unique student success practices.

*In the evolving landscape of higher education,* the Return on Investment (ROI) concept is becoming increasingly pivotal. For the eight Historically Black Community Colleges (HBCCs) and Predominantly Black Community Colleges (PBCCs) in Alabama, understanding and optimizing ROI is not just about financial calculus; it is about reinforcing their mission to empower communities through accessible, highquality education. These institutions serve as critical access points for higher education in predominantly Black communities, often as bridges to enhanced career opportunities, economic upliftment, and social mobility.

The ROI analysis of the eight HBCCs and PBCCs is significant and indispensable. It serves as a mirror, reflecting the value these institutions bring to their students and the

broader community. It quantifies the tangible outcomes such as employment rates, income levels, and career advancement opportunities—that students can expect from their educational investments. Moreover, a robust ROI is a powerful magnet, attracting potential students and crucial in securing funding and support from private and government entities. This solid financial backing ensures the continuation of these colleges' educational excellence and community service legacy, instilling confidence in their sustainability and future growth.

Therefore, ROI is not just a financial metric; it is a comprehensive gauge that encapsulates the success of these institutions in fulfilling their educational mission and contributing to the broader goals of equality and opportunity in American society. By focusing on ROI, the eight HBCCs and PBCCs can strategically align their programs and resources to maximize their impact, amplifying their crucial ROI is not just a financial metric; it is a comprehensive gauge that encapsulates the success of these institutions in fulfilling their educational mission and contributing to the broader goals of equality and opportunity in American society.

role in shaping their students' futures and communities' vitality. This strategic approach reassures potential students of their confidence in the future of these institutions.

### Background

In 2015, during President Obama's administration, the U.S. Department of Education (DOE) launched the online database College Scorecard to help students select the right college based on ROI metrics: cost, graduation rate, employment rate, average amount borrowed, and loan default rate. In 2019, the DOE updated the College Scorecard platform to include new metrics. In 2020, the Georgetown Center on Education and the Workforce published *A First Try at ROI: Ranking 4,500 Colleges*, using The College Scorecard expanded data to explain the ROI by ranking 4,529 two-year colleges (Public and Private) with certificates and associate degrees and 4-year universities (Public and Private) using the metrics: **Net Price Value, Net Price, Earnings-Price Return, Earners-Debt Return, Repayment Rate, 7-Year Repayment Rate**, and **Graduation Rate** to create a benchmark to determine the ROI's and ranking of the 4,529 institutions.

#### **Key Terms**

**Center** is the Center on Education and the Workforce, McCourt School of Public Policy, Georgetown University

**College Scorecard** is an online tool created by the U.S. Department of Education that allows consumers to compare the cost and value of higher education institutions in the United States. The U.S. Department of Education maintains and updates the College Scoreboard regularly.

**Earnings from Employment** is a term used to describe money earned from employment, as opposed to income, which is the total amount of funds received, including earnings, benefits, and pensions.

Economic Mobility is a person's ability to improve their economic status over a lifetime.

Education Costs are tuition, fees, books, supplies, and living expenses minus financial aid and scholarships.

**Return on Investment (ROI)** is a metric used to understand the profitability of an investment. ROI compares how much you paid for an investment to how much you earned to evaluate its efficiency.

**Return on Investment (ROI) in Education** measures the financial return a student gets from their college education compared to what they spent on obtaining that education. It is simply the cost-benefit analysis of enrolling in higher education. The determinants of ROI may consider variables like institution type, field of study, geographic location, and student demographics.

#### The Center on Education and the Workforce ROI Metrics<sup>1</sup>

**Net Price Value (NPV):** The NPV is how much a sum of money in the future is valued today. This metric includes costs, future earnings, and the time it would take to invest and earn a certain amount of money over a fixed horizon.

The NPV assesses *long-term expenditures* using 10, 15, 20, 30, and 40-year intervals. The NPV assesses *short-term expenditures* as ten (10) years for immediate financial impact. NPV sets reasonable expectations based on historical data. Factors that affect NPV are:

- Differences in the average career earnings trajectories
- Fluctuations in inflation rates over time versus assumptions used
- Shifts in employment and economic activity
- Improvements or changes to the local labor market
- Interest rates that deviate from projections

**Net Price (NP):** This is the average cost of attendance, which includes tuition, fees, books and supplies, and living expenses minus aid received from all sources.

**Earnings-Price-Return:** A ratio that expresses how much earnings 10 years after enrollment are above or below the net price (in percent)—sometimes used to measure return. This measure is included for comparison to show that it does not fully account for return that has a time horizon.

**Earners-Debt Return:** A ratio that expresses how much earnings 10 years after enrollment are above or below the median total debt (in percent)—sometimes used to measure return. This measure is included for comparison to show that it does not fully account for return that has a time horizon.

7-Year Repayment Rate: The share of borrowers who have repaid at least one dollar of the principal on their student loans since entering into repayment. A high rate indicates that earnings are sufficient to cover debt payments.

**Graduation Rate:** The rate at which full-time, first-time students complete their credentials within 150 percent of the expected time (e.g., the percentage of students who earn a bachelor's degree within six years).

## **Case Study Methods**

This case study utilized two data sources: 1) To explain the ROI simple equation developed by economists, we used the cost of a certificate and degree in welding from each HBCC/PBCC, and 2) To explain the ROI ranking of the eight HBCCs/PBCCs of 4,529 institutions, we used the Center's ROI metrics. The case study is designed to provide HBCC/PBCC potential students with a resource to understand the ROI of attaining a certificate or degree from these colleges. The case study is also designed to give the Alabama HBCC/PBCC college administrators a resource to explain the value of earning a certificate/degree at an HBCC/PBCC for potential students, public and private funders, and to reinforce the mission of the HBCCs/PBCCs to serve all students.

#### **Return on Investment in Higher Education**

ROI in education measures the financial return a student gets from their college education compared to what they spent on obtaining that education. It is simply the cost-benefit analysis of enrolling in higher education. The determinants of ROI may consider variables like institution type, field of study, geographic location, and student demographics.

To begin the discussion on ROI, we included a simple equation<sup>2</sup> that anyone can use to determine whether education is a good investment. What questions should you ask?

- 1 What are the expected **earnings** from a certificate or degree?
- 2 What are the costs of attaining a certificate or degree?
- 3 What are the earnings returns over ten (10) years, 15 years, 20 years, and so on?
- What interest is paid over time if using a student loan?<sup>3</sup>

Using the average cost of a short welding certificate and the average cost of a welding degree offered by the eight HBCCs/PBCCs, we calculated the ROI over ten (10) years using the following equation.<sup>4</sup>



#### **HBCC/PBCC Short Welding Certificate:**

Using the average total cost of education for a short welding certificate (\$7,500) and the entry-level yearly income for welders (\$31,229):



This 4,163.87% ROI means that over ten (10) years, you will earn about 41.64 times the cost of your education. You'll get back \$41.64 in income for every dollar spent on education.

#### HBCC/PBCC Degree in Welding:

Using the average total cost of education for an associate degree (\$8,000) and the entry-level yearly income for welders (\$31,229):



This 3,903.63% ROI indicates that over ten (10) years, you will earn about 39.04 times the cost of your education. You'll get back \$39.04 in income for every dollar spent on education.



Clarification: The simple equation includes the actual (net) education costs. When federal aid and scholarships are extracted from the actual cost of education, students may receive lower net tuition packages than non-aided students, understating net prices.<sup>5</sup>

# Why ROI Matters to Community Colleges?

ROI is essential to community colleges, as it reflects the institutions' missions, goals, and benefits to their students, employers, and community. By incorporating ROI into planning strategies, colleges can 1) present the data in marketing campaigns, 2) share the data with employers, businesses, and industries to demonstrate value and effectiveness, and 3) educate local, state, and federal policy-makers to make well-informed decisions on financing community colleges. Finally, ROI data matters in the following ways:



#### **Student Outcomes and Success**

**Economic Mobility**—ROI measures the effectiveness of community colleges in preparing students for well-paying jobs and career advancement at the local, regional, and state levels.

**Affordability and Value** – ROI demonstrates that community colleges are an affordable option.



#### Institutional Accountability

**Performance Metrics** – ROI identifies performance metrics to help community colleges evaluate and improve programs.

**Funding and Support** – ROI can help to demonstrate to a potential funder the value of an investment in a college.



#### **Attracting Students**

**Enrollment** – ROI can serve as an enrollment strategy to attract students due to its cost-effectiveness in achieving career goals and its proven record of leading to good jobs and career advancement.

**Competitive Advantage** – ROI can differentiate community colleges from other educational institutions, including four-year and private colleges.



#### **Community Impact**

**Workforce Development**—ROI can indicate that a community college effectively achieves local, regional, and state labor market demands, benefiting students and employers.

**Economic Growth**—ROI may lead to broader community support and investment in the college through economic growth and stability when students complete a certificate/degree that leads to better-paying jobs.



#### **Program Improvement and Innovation**

**Curriculum Development** – ROI analysis can help community colleges identify which programs are most effective and which need improvement.

**Career Services** – ROI can help a college enhance its career services, providing better job placement assistance, internships, and other support to maximize students' post-graduation success.

# The Center on Education and the Workforce ROI for Each HBCC/PBCC

The Center's selection of the eight HBCCs/PBCCs ROI focused on either certificates or associate degrees but not both at the eight colleges. The choice of certificates or associate degrees was based on the highest NPV for a certificate or associate degree at each college. To locate colleges, go to Ranking 4,500 Colleges by ROI in 2022.

**ROI Findings**<sup>6</sup>: The ROI NPV analysis for each of the eight HBCCs/PBCCs indicates that students see a positive return on their investment within ten years of completing a certificate or degree. As graduates advance in their careers, the value of their investment continues to grow, showing significant gains at the 15- and 20-year marks. Over 30 to 40 years, this investment yields substantial long-term benefits. Therefore, the ROI for each of the eight HBCCs/PBCCs demonstrates that earning a certificate or degree from these institutions is financially advantageous both in the short and long term.

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Institution	Award	Average Age	10 YR	15 YR	20 YR	30 YR	40 YR
Bishop State Community College (BSCC) <i>Mobile, AL</i>	Certificates	24	\$130,000	\$234,000	\$329,000	\$492,000	\$626,000
Chattahoochee Valley Community College (CVCC) Phenix City, AL	Associates	25	\$166,000	\$290,000	\$401,000	\$594,000	\$752,000
Drake State Community and Technical College (DSCTC) <i>Huntsville, AL</i>	Certificates	27	\$133,000	\$236,000	\$329,000	\$491,000	\$623,000
Gadsden State Community College (GSCC) <i>Gadsden, AL</i>	Associates	24	\$150,000	\$264,000	\$367,000	\$546,000	\$692,000
Lawson State Community College (LSCC) <i>Birmingham, AL</i>	Certificates	23	\$131,000	\$242,000	\$342,000	\$515,000	\$656,000
Shelton State Community College (SSCC) <i>Tuscaloosa, AL</i>	Associates	22	\$158,000	\$280,000	\$390,000	\$581,000	\$737,000
Trenholm State Community College (TSCC) <i>Montgomery, AL</i>	Certificates	24	\$136,000	\$238,000	\$331,000	\$492,000	\$624,000
Wallace Community College Selma (WCCS) <i>Selma, AL</i>	Associates	23	\$144,000	\$253,000	\$352,000	\$524,000	\$664,000

All of the above schools are public institutions.

# What is the Value of Earning a Certificate or Degree?

In addition to the compelling Center on Education and the Workforce ROI metrics demonstrating the financial benefits of earning certificates and degrees from the eight HBCCs/PBCCs, we want to explore the *qualitative value* of postsecondary education. The value of earning a certificate or degree extends far beyond immediate academic achievements, encompassing professional, personal, and societal benefits that collectively enhance an individual's life and career trajectory. These benefits include:

#### **1** Enhanced Knowledge and Skills

Pursuing a certificate or degree provides a structured and comprehensive approach to learning. Students gain in-depth knowledge in their field of study, often supplemented by practical skills and hands-on experience. This combination ensures graduates are well-prepared to tackle real-world challenges and excel in their chosen careers.

#### 2 Career Advancement

Earning a certificate or degree can significantly enhance career prospects. Many employers value formal education and may require it for certain positions. Higher education often opens doors to advanced roles, leadership positions, and increased earning potential. It is a testament to the individual's dedication, expertise, and capability.

#### **3** Personal Growth and Development

Beyond professional benefits, the journey of earning a certificate or degree fosters personal growth. It encourages critical thinking, problem-solving, and practical communication skills. Students learn to manage their time, set goals, and persevere through challenges, contributing to personal development.

#### **4** Networking Opportunities

Educational institutions provide valuable networking opportunities. Students interact with peers, professors, and industry professionals, building relationships that can be beneficial throughout their careers. These connections often lead to mentorship opportunities, collaborations, and job referrals, further enhancing career prospects.

#### 5 Increased Confidence

Achieving a certificate or degree can significantly boost an individual's confidence. It provides a sense of accomplishment and validation of one's abilities and hard work. This increased confidence can translate into a more assertive and proactive approach in personal and professional settings.

#### 6 Adaptability and Lifelong Learning

Earning a certificate or degree instills a mindset of lifelong learning. Graduates are often more adaptable and open to continuous education and skill development, keeping them competitive in ever-evolving industries. This adaptability is crucial in navigating career changes and embracing new opportunities.

#### 7 Contribution to Society

Educated individuals often contribute positively to society. They bring informed perspectives to discussions, engage in civic activities, and drive community innovation and progress. The knowledge and skills acquired through formal education empower them to contribute meaningfully to societal advancement.

In conclusion, earning a certificate or degree offers immense value that transcends immediate academic accomplishments. It brings significant professional, personal, and societal benefits, collectively enriching an individual's life and shaping a successful and fulfilling career trajectory.

Finally, I would like to extend my deepest gratitude to my friend and colleague, Dr. Chris Mullin, Strategy Director for Data and Measurement at the Lumina Foundation, for his invaluable review of this case study. Dr. Mullin, a renowned expert in Return on Investment (ROI) in higher education, graciously offered his insights to ensure the case study is accessible and straightforward for anyone desiring to understand the ROI of a certificate or degree at the eight HBCCs/PBCCs in Alabama. His contributions have been instrumental in enhancing the study's clarity and impact. For those interested in further exploring Dr. Mullin's work, he has authored two insightful books on ROI in higher education.

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#### Endnotes

- 1 Georgetown University Center on Education and the Workforce, A First Try at ROI: Ranking 4,500 Colleges, 2020. Website, https://cew.georgetown.edu/cew-reports/collegeroi/
- 2 Woodward, Emma (2023 April 13). What is the ROI of your college degree? Bankrate.
- 3 Interest for student loans were not included in the Simple Equation. This case study focused only on education costs, earnings and earnings returns.
- 4 Appendix A, Cost of Welding Short Certificates and Welding Degrees and Appendix B, Earnings for Welding
- 5 Cooper, Preston. (2022 March 27). How we calculated the Return Investment of Associate Degrees and Certificates. Published by The Foundation for Research on Equal Opportunity, Medium. Retrieved from https://freopp.org/.
- 6 Ibid, Georgetown University Center on Education and the Workforce, 2020

For more information about the Great Eight and their work with adult learners,

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# Appendix – A

Institutions	Cost (\$)	Credit
Chattahoochee Valley	8,820	45
Trenholm State	8,124	47
Lawson State	4,928	28
Bishop State	4,806	27
Gadsden State	5,102	29
Shelton State	4,536	27
Drake State	5,985	35
Wallace Selma	7,488	48

#### Table 1: Short Certificates in Welding Costs and Credits

Note: This information is only applicable to in-state residents. Costs may vary for out-of-state students.

*Calculation Method:* Costs were calculated based on the number of credit hours required to complete the program, multiplied by the tuition rates per credit hour for each school.



#### **Chart 1: Short Certificates in Welding Costs**

Average Cost for Short Certificates: The average cost (based on the institutions above) for short certificates in welding programs is \$6,224.



#### For Short Welding Certificates:

Using the total cost of education for a certificate (\$6,224) and the entry-level yearly income for welders (\$31,229):

ROI =  $\frac{(31,229 \times 10)}{6,224}$  x 100 = 5,017.51%

#### Interpretation

- **5,017.51%** means that over ten (10) years, the return on the initial investment of \$6,224 is \$50.18.
- In simpler terms, you get a return of about **50.18** dollars for every dollar invested over ten (10) years.

Table 2: Associate Degree in Welding Costs an	d Credits
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Institutions	Cost (USD)	Credits
Chattahoochee Valley Community College	11,172	57
Trenholm State Community College	10,360	60
Drake State Community College	11,799	69
Lawson State Community College	12,848	73
Bishop State Community College	11,392	64
Shelton State Community College	10,584	63

Note: This information is applicable for in-state residents only; costs may vary for out-of-state students.

*Calculation Method:* Costs were calculated based on the number of credit hours required to complete the program, multiplied by the tuition rates per credit hour for each school.





Average Cost for an Associate Degree: The average cost (based on the institutions above) for an Associate Degree in welding programs is \$11,359.



#### For Associate Degree in Welding:

Using the total cost of education for an associate degree (\$11,359) and the entry-level yearly income for welders (\$31,229):

ROI = 
$$\frac{(31,229 \times 10)}{11,359}$$
 x 100 = 2,749.27%

#### Interpretation

- 2,749.27% means that over 10 years, the return on the initial investment of \$11,359 is \$27.49.
- In simpler terms, for every dollar invested, you get a return of about 27.49 dollars over 10 years.

#### **References**

Trenholm State Community College	Bishop State Community College
Tuition and Fee Schedule	Tuition and Fees
Welding Program	Welding Technology Program
Chattahoochee Valley Community College	Gadsden State Community College
Applied Technology - Welding	Admissions and Tuition
Tuition Information	Welding Technology Programs
Drake State Community College	Wallace Community College, Selma
Tuition and Fees	Fees and Charges
Welding Career Pathways	Welding Programs
Lawson State Community College	Shelton State Community College
Tuition and Fees	Tuition Information
Welding Programs	Welding Technical Programs

# Appendix – B

#### Welders' Earnings in Alabama

The following data is sourced from the Alabama Department of Labor's Occupation Details section:

- Occupation: Welders, Cutters, Solderers, and Brazers
- Location: Alabama
- Entry Level Annual Wage: \$31,229
- Median Annual Wage: \$41,831
- Experienced Annual Wage: \$47,540

*Source:* Alabama Department of Labor, Occupation Details section. Retrieved from <u>Alabama</u> <u>Department of Labor Career Explorer</u>

Bishop State Community College Chattahoochee Valley Community College J.F. Drake State Community & Technical College Gadsden State Community College H. Councill Trenholm State Community College Lawson State Community College Shelton State Community College Wallace Community College Selma





