

# The Economic Value of New Mexico Institute of Mining and Technology



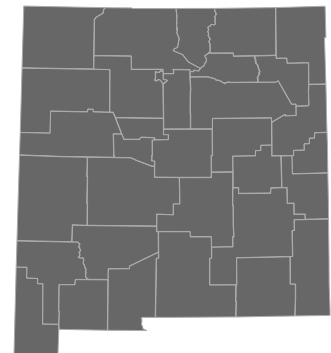
New Mexico Institute of Mining and Technology (NMT) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2021-22.

## Economic impact analysis

In FY 2021-22, NMT added **\$276 million** in income to the New Mexico economy, a value approximately equal to **0.3%** of the state's total gross state product (GSP). Expressed in terms of jobs, NMT's impact supported **3,484 jobs**.

### Operations spending impact

- NMT employed 951 full-time and part-time faculty and staff (excluding research employees). Payroll amounted to \$42.5 million (excluding payroll from research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$30.5 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).



New Mexico

- The net impact of the university's operations spending added **\$47.5 million** in income to the state economy in FY 2021-22.

### Research spending impact

- Research activities at NMT impact the state economy by employing people and making purchases for equipment, supplies, and services. In FY 2021-22, NMT spent \$32.8 million on payroll and \$48.5 million on other expenses\* to support research activities.
- NMT's research spending generated **\$72.9 million** in added income for the New Mexico economy in FY 2021-22.

### Visitor spending impact

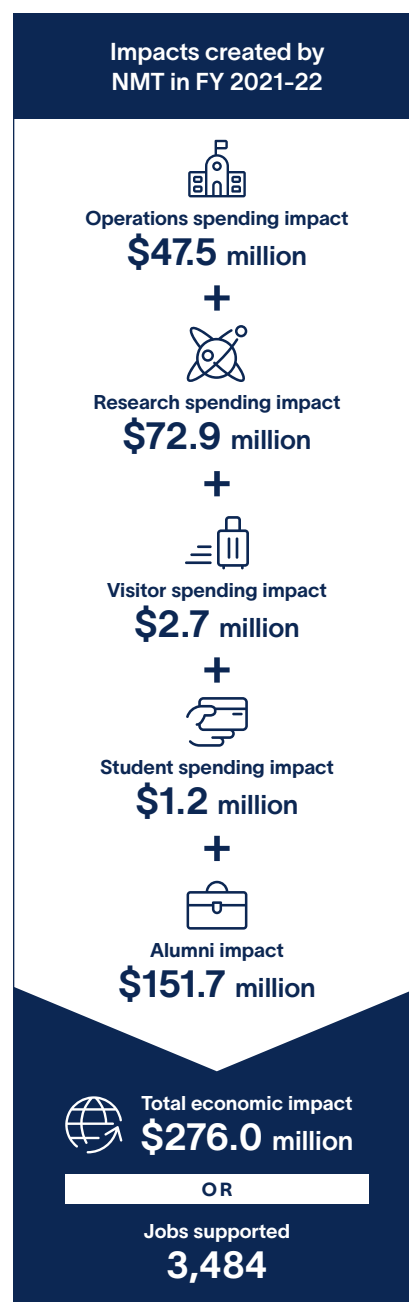
- Thousands of out-of-state visitors attracted to New Mexico for activities at NMT brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$2.7 million** in income to the New Mexico economy.

### Student spending impact

- Around 10% of students attending NMT originated from outside the state. These students relocated to New Mexico. In addition, some in-state students, referred to as retained students, would have left New Mexico for other educational opportunities if not for NMT. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.
- The expenditures of relocated and retained students in FY 2021-22 added **\$1.2 million** in income to the New Mexico economy.

### Alumni impact

- Over the years, students have studied at NMT and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in New Mexico.
- The net impact of NMT's former students currently employed in the state workforce amounted to **\$151.7 million** in added income in FY 2021-22.



\* Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.

# Investment analysis

## Student perspective

- NMT's FY 2021-22 students paid a present value of **\$10 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$17.7 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$123.4 million** in increased earnings over their working lives. This translates to a return of **\$4.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **17.5%**.

## Taxpayer perspective

- Taxpayers provided NMT with **\$46.1 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$42.4 million**. A reduced demand for government-funded services in New Mexico will add another **\$15 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$57.4 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in NMT, taxpayers will receive **\$1.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **1.7%**.

## Social perspective

- In FY 2021-22, New Mexico invested **\$174.5 million** to support NMT. In turn, the New Mexico economy will grow by **\$442.3 million**, over the course of students' working lives. Society will also benefit from **\$31 million** of public and private sector savings.
- For every dollar invested in NMT in FY 2021-22, people in New Mexico will receive **\$2.70** in return, for as long as NMT's FY 2021-22 students remain active in the state workforce.

## Students see a high rate of return for their investment in NMT



Average annual return for NMT students

**17.5%**



Stock market 30-year average annual return

9.6%



Interest earned on savings account (national deposit rate)

0.4%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

## For every \$1...



Students gain in lifetime earnings  
**\$4.50**



Taxpayers gain in added tax revenue and public sector savings  
**\$1.20**



Society gains in added income and social savings  
**\$2.70**

