



The Economic Value of the Blinn College District

# **EXECUTIVE SUMMARY**



**T**HE Blinn College District (Blinn College) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the region, generating new dollars and opportunities for the Blinn College Service Area.\* Blinn College provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Blinn College is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Blinn College influences both the lives of its students and the regional economy. The college supports a variety of industries in the Blinn College Service Area, serves regional businesses, and benefits society as a whole in Texas from an expanded economy and improved quality of life. The benefits created by Blinn College even extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Blinn College on the business community and the benefits the college generates in return for the investments made by its 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 college, for fiscal year (FY) 2018-19. Impacts on the Blinn College Service Area 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 Texas are reported under the investment analysis.

\* For the purposes of this analysis, the Blinn College Service Area is comprised of Austin, Brazos, Burleson, Fayette, Grimes, Lee, Madison, Milam, Montgomery, Robertson, Walker, Waller, and Washington Counties.

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*Blinn College influences both the lives of its students and the regional economy.*

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# Economic impact analysis

Blinn College promotes economic growth in the Blinn College Service Area through its direct expenditures and the resulting expenditures of students and regional businesses. The college serves as an employer and buyer of goods and services for its day-to-day and construction operations. The college's activities attract students from outside the Blinn College Service Area, whose expenditures benefit regional vendors. In addition, Blinn College is a primary source of higher education to the Blinn College Service Area residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

## Operations spending impact



Blinn College adds economic value to the Blinn College Service Area as an employer of regional residents and a large-scale buyer of goods and services. In FY 2018-19, the college employed 1,563 full-time and part-time faculty and staff, 71% of whom lived in the Blinn College Service Area. Total payroll at Blinn College was \$70.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$43.2 million on day-to-day expenses related to facilities, supplies, and professional services.

Blinn College's day-to-day operations spending added \$90.9 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$90.9 million in added income is equivalent to supporting 1,813 jobs in the region.

## Construction spending impact



Blinn College invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the regional economy. In FY 2018-19, Blinn College's construction spending generated \$4.9 million in added income, which is equivalent to supporting 80 jobs. This impact reflects the college's spending in FY 2018-19 only. Blinn College plans more capital spending in the future; a long-term capital spending impact analysis is forthcoming.

IMPACTS CREATED BY  
BLINN COLLEGE IN FY 2018-19



**\$90.9 million**  
Operations Spending Impact



**\$4.9 million**  
Construction Spending Impact



**\$32.2 million**  
Student Spending Impact



**\$242.1 million**  
Alumni Impact

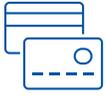


**\$370.1 million**  
TOTAL IMPACT

- OR -

**6,010**  
JOBS SUPPORTED

## Student spending impact



Around 77% of students attending Blinn College originated from outside the region in FY 2018-19, and some of these students relocated to the Blinn College Service Area to attend Blinn College.

These students may not have come to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left the Blinn College Service Area if not for the existence of Blinn College. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$32.2 million in added income for the regional economy in FY 2018-19, which supported 730 jobs in the Blinn College Service Area.

## Alumni impact



The education and training Blinn College provides for regional residents has the greatest impact. Since its establishment, students have studied at Blinn College and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Blinn College students are employed in the Blinn College Service Area. As a result of their Blinn College educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, Blinn College alumni generated \$242.1 million in added income for the regional economy, which is equivalent to supporting 3,386 jobs.

## Total impact

Blinn College added \$370.1 million in income to the Blinn College Service Area economy during the analysis year, equal to the sum of the operations and construction spending impacts, the student spending impact, and the alumni impact. For context, the \$370.1 million impact was equal to approximately 0.7% of the total gross regional product (GRP) of the Blinn College Service Area. This contribution that the college provided on its own is larger than the entire Utilities industry in the region.

Blinn College's total impact can also be expressed in terms of jobs supported. The \$370.1 million impact supported 6,010 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. The \$370.1 million, or 6,010 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Blinn College's spending and alumni in the Retail Trade industry sector supported 659 jobs in FY 2018-19. These are impacts that would not have been generated without the college's presence in the Blinn College Service Area.

### BLINN COLLEGE IMPACTS BY INDUSTRY (JOBS SUPPORTED)





# Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers Blinn College as an investment from the perspectives of students, taxpayers, and society in Texas.

## Student perspective



In FY 2018-19, Blinn College served 26,567 credit and 2,331 non-credit students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They 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 Blinn College's students in FY 2018-19 amounted to a present value of \$169.7 million, equal to \$73.6 million in out-of-pocket expenses (including future principal and interest on student loans) and \$96.2 million in forgone time and money.

In return for their investment, Blinn College's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Blinn College associate degree graduate from FY 2018-19 will see annual earnings that are \$9,700 higher than a person with a high school diploma or equivalent working in Texas. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$436.5 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that Blinn College's FY 2018-19 students will receive over their working careers is \$627.7 million.

### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN BLINN COLLEGE



14.0%

Average annual return for Blinn College students



9.9%

Stock market 30-year average annual return

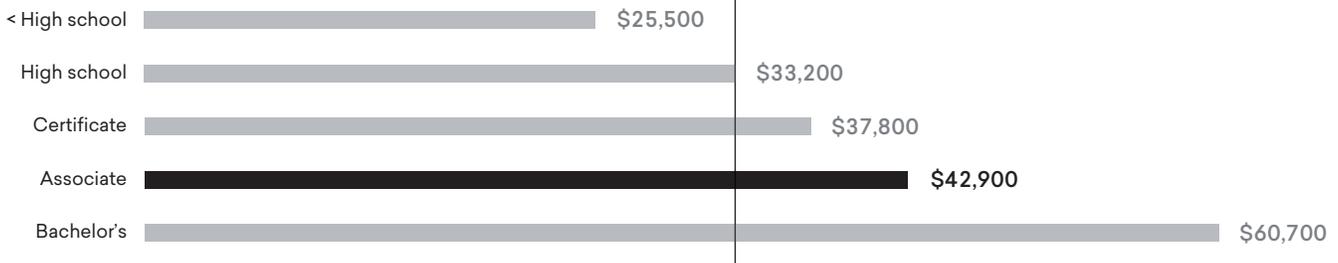


0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.

The average associate degree graduate from Blinn College will see an increase in earnings of **\$9,700** each year compared to a person with a high school diploma or equivalent working in Texas.



Source: Emsi employment data.

The students' benefit-cost ratio is 3.7. In other words, for every dollar students invest in Blinn College, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$3.70 in higher future earnings. Annually, the students' investment in Blinn College has an average annual internal rate of return of 14.0%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

## Taxpayer perspective



Blinn College generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As Blinn College 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 2018-19 students' working lives, the state and local government will have collected a present value of \$192.2 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Blinn College students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Blinn College educations will generate savings

in three main categories: 1) healthcare, 2) crime, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and victim costs. Blinn College 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 college for a copy of the main report. Altogether, the present value of the benefits associated with a Blinn College education will generate \$17.4 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$209.6 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$36 million, equal to the amount of state and local government funding Blinn College received in FY 2018-19. This includes state and local grants, contracts, and appropriations. These benefits and costs yield a benefit-cost ratio of 5.8. This means that for

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*For every dollar of public money invested in Blinn College, taxpayers will receive a cumulative value of **\$5.80** over the course of the students' working lives.*

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### STUDENT PERSPECTIVE

\$627.7 million  
Present value benefits

\$169.7 million  
Present value costs

\$458 million  
Net present value

Benefit-cost ratio	Rate of return
3.7	14.0%



### TAXPAYER PERSPECTIVE

\$209.6 million  
Present value benefits

\$36 million  
Present value costs

\$173.6 million  
Net present value

Benefit-cost ratio	Rate of return
5.8	13.6%



### SOCIAL PERSPECTIVE

\$3.1 billion  
Present value benefits

\$236.8 million  
Present value costs

\$2.9 billion  
Net present value

Benefit-cost ratio	Rate of return
13.1	n/a*

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

every dollar of public money invested in Blinn College in FY 2018-19, taxpayers will receive a cumulative value of \$5.80 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 13.6%, which compares favorably to other long-term investments in the public and private sectors.

## Social perspective



Society as a whole in Texas benefits from the presence of Blinn College in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to higher student earnings and increased business output, which raise economic prosperity in Texas.

Benefits to society also consist of the savings generated by the improved lifestyles of Blinn College 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. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Savings related to crime include reduced security expenditures and insurance administration, lower victim costs, and reduced expenditures by the criminal justice system. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

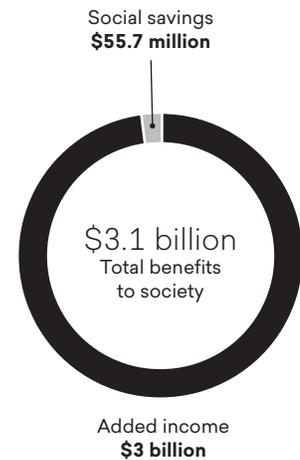
Altogether, the social benefits of Blinn College equal a present value of \$3.1 billion. These benefits include \$3 billion in added income through students' increased lifetime earnings and increased business output, as well as \$55.7 million in social savings related to health, crime, and income assistance in Texas. People in Texas invested a present value total of \$236.8 million in Blinn College in FY 2018-19. This amount consists of all student costs and all college expenditures.

The benefit-cost ratio for society is 13.1, equal to the \$3.1 billion in benefits divided by the \$236.8 million in costs. In other words, for every dollar invested in Blinn College, people in Texas will receive a cumulative value of \$13.10 in benefits. The benefits of this investment will occur for as long as Blinn College's FY 2018-19 students remain employed in the state workforce.

## Summary of investment analysis results

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

SOCIAL BENEFITS IN TEXAS FROM BLINN COLLEGE



# Conclusion

The results of this study demonstrate that Blinn College creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Blinn College enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Blinn College benefits society as a whole in Texas 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 2018-19 academic and financial reports from Blinn College, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Emsi'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 college for a copy of the main report.

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# The Economic Value of the Blinn College District FACT SHEET

**T**HE Blinn College District (Blinn College) 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) 2018-19.



## Economic impact analysis

In FY 2018-19, Blinn College added **\$370.1 million** in income to the Blinn College Service Area\* economy, a value approximately equal to **0.7%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Blinn College's impact supported **6,010 jobs**.

### OPERATIONS SPENDING IMPACT

- Blinn College employed 1,563 full-time and part-time faculty and staff. Payroll amounted to \$70.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$43.2 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$90.9 million** in income to the regional economy in FY 2018-19.

### CONSTRUCTION SPENDING IMPACT

- Blinn College invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of Blinn College's construction spending in FY 2018-19 alone was **\$4.9 million** in added income for the Blinn College Service Area.

### STUDENT SPENDING IMPACT

- Around 77% of students attending Blinn College originated from outside the region. Some of these students relocated to the Blinn College Service Area. In addition, some in-region students, referred to as retained students, would have left the Blinn College Service Area for other educational opportunities if not for Blinn College. These relocated and retained students

IMPACTS CREATED BY  
BLINN COLLEGE IN FY 2018-19



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Operations Spending Impact



**\$4.9 million**  
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**\$32.2 million**  
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**\$242.1 million**  
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**\$370.1 million**  
TOTAL IMPACT

- OR -

**6,010**  
JOBS SUPPORTED

\* For the purposes of this analysis, the Blinn College Service Area is comprised of Austin, Brazos, Burleson, Fayette, Grimes, Lee, Madison, Milam, Montgomery, Robertson, Walker, Waller, and Washington Counties.



spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of relocated and retained students in FY 2018-19 added **\$32.2 million** in income to the Blinn College Service Area economy.

#### ALUMNI IMPACT

- Over the years, students have studied at Blinn College and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Blinn College Service Area.
- The net impact of Blinn College's former students currently employed in the regional workforce amounted to **\$242.1 million** in added income in FY 2018-19.



### Investment analysis

#### STUDENT PERSPECTIVE

- Blinn College's FY 2018-19 students paid a present value of **\$73.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forewent **\$96.2 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$627.7 million** in increased earnings over their working lives. This translates to a return of **\$3.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.0%**.

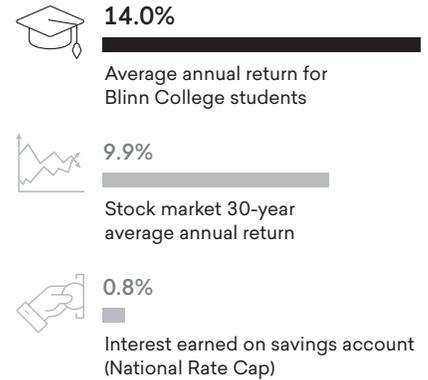
#### TAXPAYER PERSPECTIVE

- Taxpayers provided Blinn College with **\$36 million** of funding in FY 2018-19. This includes state and local grants, contracts, and appropriations. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$192.2 million**. A reduced demand for government-funded services in Texas will add another **\$17.4 million** in benefits to taxpayers.
- For every dollar of public money invested in Blinn College, taxpayers will receive **\$5.80** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **13.6%**.

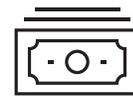
#### SOCIAL PERSPECTIVE

- In FY 2018-19, Texas invested **\$236.8 million** to support Blinn College. This amount consists of all student costs and all college expenditures. In turn, the Texas economy will grow by **\$3 billion**, over the course of students' working lives. Society will also benefit from **\$55.7 million** of public and private sector savings.
- For every dollar invested in Blinn College in FY 2018-19, people in Texas will receive **\$13.10** in return, for as long as Blinn College's FY 2018-19 students remain active in the state workforce.

#### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN BLINN COLLEGE



Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



#### FOR EVERY \$1...

