



The Economic Value of the  
Blinn College District's Sealy Campus

# EXECUTIVE SUMMARY



**T**HE Blinn College District's Sealy Campus (Blinn-Sealy) creates value in many ways. The campus plays a key role in helping students increase their employability and achieve their individual potential. The campus draws students to the county, generating new dollars and opportunities for Austin County. Blinn-Sealy provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Blinn-Sealy is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Blinn-Sealy influences both the lives of its students and the county economy. The campus supports a variety of industries in Austin County, serves county businesses, and benefits society as a whole in Texas from an expanded economy and improved quality of life. The benefits created by Blinn-Sealy even extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Blinn-Sealy on the business community and the benefits the campus 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 Blinn College District, for fiscal year (FY) 2018-19. Impacts on the Austin County 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.

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*Blinn-Sealy influences both the **lives of its students** and the **county economy**.*

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# Economic impact analysis

Blinn-Sealy promotes economic growth in Austin County through its direct expenditures and the resulting expenditures of students and county businesses. The campus serves as an employer and buyer of goods and services for its day-to-day operations. Its activities attract students from outside Austin County, whose expenditures benefit county vendors. In addition, Blinn-Sealy is a primary source of higher education to Austin County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

## Operations spending impact



Blinn-Sealy adds economic value to Austin County as an employer of county residents and a large-scale buyer of goods and services. In FY 2018-19, the campus employed eight full-time and part-time faculty and staff, 63% of whom lived in Austin County. Total payroll at Blinn-Sealy was \$636.7 thousand, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the campus spent \$510.2 thousand on day-to-day expenses related to facilities, supplies, and professional services.

Blinn-Sealy's day-to-day operations spending added \$808.4 thousand in income to the county during the analysis year. This figure represents Blinn-Sealy's payroll, the multiplier effects generated by the in-county spending of the campus and its employees, and a downward adjustment to account for funding that the campus received from county sources. The \$808.4 thousand in added income is equivalent to supporting 10 jobs in the county.

## Student spending impact



Around 54% of students attending Blinn-Sealy originated from outside the county in FY 2018-19, and some of these students relocated to Austin County to attend Blinn-Sealy. These students may not have come to the county if the campus did not exist. In addition, some in-county students, referred to as retained students, would have left Austin County if not for the existence of Blinn-Sealy. While attending, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$233.9 thousand in added income for the county economy in FY 2018-19, which supported five jobs in Austin County.

IMPACTS CREATED BY  
BLINN-SEALY IN FY 2018-19



**\$808.4 thousand**  
Operations Spending Impact



**\$233.9 thousand**  
Student Spending Impact



**\$1.1 million**  
Alumni Impact



**\$2.2 million**  
**TOTAL IMPACT**

- OR -

**32**

**JOB SUPPORTED**

## Alumni impact

 The education and training Blinn-Sealy provides for county residents has the greatest impact. Since its establishment, students have studied at Blinn-Sealy and entered the county workforce with greater knowledge and new skills. Today, many former Blinn-Sealy students are employed in Austin County. As a result of their Blinn-Sealy educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, Blinn-Sealy alumni generated \$1.1 million in added income for the county economy, which is equivalent to supporting 17 jobs.

## Total impact

Blinn-Sealy added \$2.2 million in income to the Austin County economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the \$2.2 million impact was equal to approximately 0.1% of the total gross regional product (GRP) of Austin County.

Blinn-Sealy's total impact can also be expressed in terms of jobs supported. The \$2.2 million impact supported 32 county jobs, using the jobs-to-sales ratios specific to each industry in the county. In addition, the \$2.2 million, or 32 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Blinn-Sealy's spending and alumni in the Retail Trade industry sector supported four jobs in FY 2018-19. These are impacts that would not have been generated without Blinn-Sealy's presence in Austin County.

BLINN-SEALY IMPACTS BY INDUSTRY (JOBS SUPPORTED)





# Investment analysis

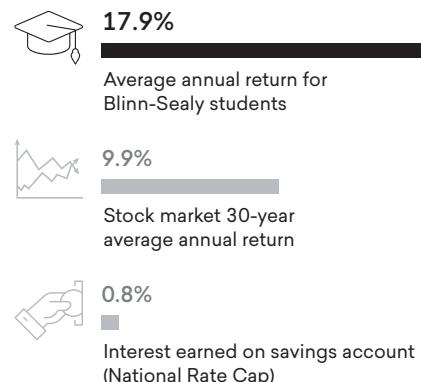
An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers Blinn-Sealy as an investment from the perspectives of students, taxpayers,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

## Student perspective

 In FY 2018-19, Blinn-Sealy served 226 students. In order to attend, these 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-Sealy's students in FY 2018-19 amounted to a present value of \$1.1 million, equal to \$343 thousand in out-of-pocket expenses (including future principal and interest on student loans) and \$784.6 thousand in forgone time and money.

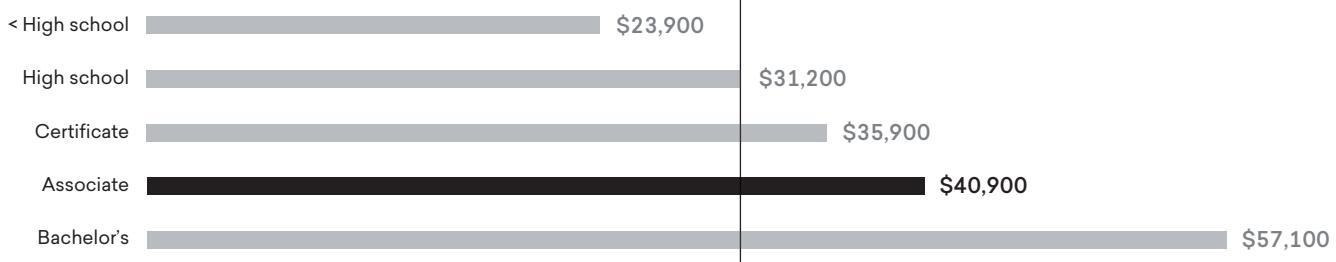
In return for their investment, Blinn-Sealy's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Blinn-Sealy associate degree graduate from FY 2018-19 will see annual earnings that are \$9,700 higher than a person 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-Sealy's FY 2018-19 students will receive over their working careers is \$5.7 million.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN BLINN-SEALY



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

The average associate degree graduate from Blinn-Sealy 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 5.0. In other words, for every dollar students invest in Blinn-Sealy, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$5.00 in higher future earnings. Annually, the students' investment in Blinn-Sealy has an average annual internal rate of return of 17.9%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

## Taxpayer perspective



Blinn-Sealy generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As Blinn-Sealy 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 government will have collected a present value of \$1.7 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Blinn-Sealy students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Blinn-Sealy 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-Sealy 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 a Blinn-Sealy education will generate \$141.2 thousand in savings to state taxpayers.

Total taxpayer benefits amount to \$1.8 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$436.8 thousand, equal to the amount of state government funding Blinn-Sealy received in FY 2018-19. These benefits and costs yield a benefit-cost ratio of 4.1. This means that for every dollar of public money invested in Blinn-Sealy in FY 2018-19,



## STUDENT PERSPECTIVE

\$5.1 million	Present value benefits
\$1.1 million	Present value costs
\$4.5 million	Net present value
Benefit-cost ratio	Rate of return
5.0	17.9%



## TAXPAYER PERSPECTIVE

\$1.8 million	Present value benefits
\$436.8 thousand	Present value costs
\$1.4 million	Net present value
Benefit-cost ratio	Rate of return
4.1	9.9%



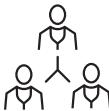
## SOCIAL PERSPECTIVE

\$26.6 million	Present value benefits
\$2 million	Present value costs
\$24.6 million	Net present value
Benefit-cost ratio	Rate of return
13.0	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.

taxpayers will receive a cumulative value of \$4.10 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 9.9%, 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-Sealy 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-Sealy 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.

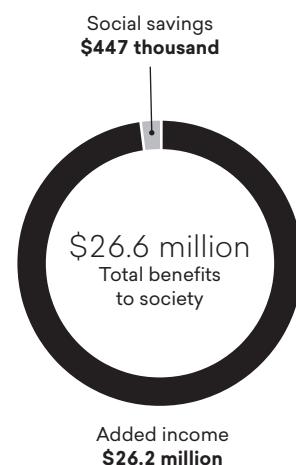
Altogether, the social benefits of Blinn-Sealy equal a present value of \$26.6 million. These benefits include \$26.2 million in added income through students' increased lifetime earnings and increased business output, as well as \$447 thousand in social savings related to health, crime, and income assistance in Texas. People in Texas invested a present value total of \$2 million in Blinn-Sealy in FY 2018-19. The cost includes all the campus and student costs.

The benefit-cost ratio for society is 13.0, equal to the \$26.6 million in benefits divided by the \$2 million in costs. In other words, for every dollar invested in Blinn-Sealy, people in Texas will receive a cumulative value of \$13.00 in benefits. The benefits of this investment will occur for as long as Blinn-Sealy's FY 2018-19 students remain employed in the state workforce.

## Summary of investment analysis results

The results of the analysis demonstrate that Blinn-Sealy 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-Sealy education. At the same time, taxpayers' investment in Blinn-Sealy returns more to government budgets than it costs and creates a wide range of social benefits throughout Texas.

SOCIAL BENEFITS IN TEXAS FROM BLINN-SEALY



Added income  
**\$26.2 million**

**\$26.6 million**  
Total benefits  
to society

Social savings  
**\$447 thousand**

# Conclusion

The results of this study demonstrate that Blinn-Sealy creates value from multiple perspectives. The campus benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. Blinn-Sealy enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The campus benefits state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Blinn-Sealy 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 the Blinn College District, 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 Blinn College District for a copy of the main report.

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*The results of this study demonstrate that Blinn-Sealy creates value from multiple perspectives.*

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## Important note

In 2013, Emsi conducted an economic impact analysis of Blinn-Sealy on Blinn College's 13-county service area. The present study focuses on a single county to provide more localized information about the campus' impact. Due to this difference in region, results of the two studies are not comparable.



Emsi is a labor market analytics firm that integrates data from a wide variety of sources to serve professionals in higher education, economic development, workforce development, talent acquisition, and site selection. Emsi is a leading provider of economic impact studies and labor market data to educational institutions in the U.S. and internationally. Since 2000, Emsi has completed over 2,000 economic impact studies for institutions across three countries. For more information about Emsi's products and services, visit [www.economicmodeling.com](http://www.economicmodeling.com).



# The Economic Value of the Blinn College District's Sealy Campus FACT SHEET

**T**HE Blinn College District's Sealy Campus (Blinn-Sealy) 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-Sealy added **\$2.2 million** in income to the Austin County economy, a value approximately equal to **0.1%** of the county's total gross regional product (GRP). Expressed in terms of jobs, Blinn-Sealy's impact supported **32 jobs**.

### OPERATIONS SPENDING IMPACT

- Blinn-Sealy employed eight full-time and part-time faculty and staff. Payroll amounted to \$636.7 thousand, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The campus spent another \$510.2 thousand on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of Blinn-Sealy's operations spending added **\$808.4 thousand** in income to the county economy in FY 2018-19.

### STUDENT SPENDING IMPACT

- Around 54% of students attending Blinn-Sealy originated from outside the county. Some of these students relocated to Austin County. In addition, some in-county students, referred to as retained students, would have left Austin County for other educational opportunities if not for Blinn-Sealy. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at county businesses.
- The expenditures of relocated and retained students in FY 2018-19 added **\$233.9 thousand** in income to the Austin County economy.

### ALUMNI IMPACT

- Hundreds of students have studied at Blinn-Sealy and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, many of these former students are employed in Austin County.

IMPACTS CREATED BY  
BLINN-SEALY IN FY 2018-19



**\$808.4 thousand**  
Operations Spending Impact



**\$233.9 thousand**  
Student Spending Impact



**\$1.1 million**  
Alumni Impact



**\$2.2 million**  
**TOTAL IMPACT**

- OR -

**32**  
**JOB SUPPORTED**



- The net impact of Blinn-Sealy's former students currently employed in the county workforce amounted to **\$1.1 million** in added income in FY 2018-19.



## Investment analysis

### STUDENT PERSPECTIVE

- Blinn-Sealy's FY 2018-19 students paid a present value of **\$343 thousand** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$784.6 thousand** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$5.7 million** in increased earnings over their working lives. This translates to a return of **\$5.00** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **17.9%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided Blinn-Sealy with **\$436.8 thousand** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.7 million**. A reduced demand for government-funded services in Texas will add another **\$141.2 thousand** in benefits to taxpayers.
- For every dollar of public money invested in Blinn-Sealy, taxpayers will receive **\$4.10** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **9.9%**.

### SOCIAL PERSPECTIVE

- In FY 2018-19, Texas invested **\$2 million** to support Blinn-Sealy. In turn, the Texas economy will grow by **\$26.2 million**, over the course of students' working lives. Society will also benefit from **\$447 thousand** of public and private sector savings.
- For every dollar invested in Blinn-Sealy in FY 2018-19, people in Texas will receive **\$13.00** in return, for as long as Blinn-Sealy's FY 2018-19 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN BLINN-SEALY



**17.9%**

Average annual return for Blinn-Sealy students



**9.9%**

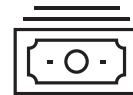
Stock market 30-year average annual return



**0.8%**

Interest earned on savings account (National Rate Cap)

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



**FOR EVERY \$1...**



**Students gain**

**\$5.00**

in lifetime earnings



**Taxpayers gain**

**\$4.10**

in added tax revenue and public sector savings



**Society gains**

**\$13.00**

in added income and social savings

