



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

EXECUTIVE SUMMARY



THE Blinn College District's Brenham Campus (Blinn-Brenham) 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 Washington County. Blinn-Brenham provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Blinn-Brenham is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Blinn-Brenham influences both the lives of its students and the county economy. The campus supports a variety of industries in Washington 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-Brenham 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-Brenham 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 Washington 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.

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



Economic impact analysis

Blinn-Brenham promotes economic growth in Washington 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 and construction operations. Its activities attract students from outside Washington County, whose expenditures benefit county vendors. In addition, Blinn-Brenham is a primary source of higher education to Washington County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

Operations spending impact



Blinn-Brenham adds economic value to Washington County as an employer of county residents and a large-scale buyer of goods and services. In FY 2018-19, the campus employed 637 full-time and part-time faculty and staff, 55% of whom lived in Washington County. Total payroll at Blinn-Brenham was \$18.3 million, 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 \$13.1 million on day-to-day expenses related to facilities, supplies, and professional services.

Blinn-Brenham's day-to-day operations spending added \$19.4 million in income to the county during the analysis year. This figure represents Blinn-Brenham'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 \$19.4 million in added income is equivalent to supporting 656 jobs in the county.

Construction spending impact



Blinn-Brenham 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 county economy. In FY 2018-19, Blinn-Brenham's construction spending generated \$2.3 million in added income, which is equivalent to supporting 44 jobs.

Student spending impact



Around 79% of students attending Blinn-Brenham originated from outside the county in FY 2018-19, and some of these students relocated to Washington County to attend Blinn-Brenham. These

IMPACTS CREATED BY
BLINN-BREHAM IN FY 2018-19



\$19.4 million
Operations Spending Impact



\$2.3 million
Construction Spending Impact



\$6 million
Student Spending Impact



\$43 million
Alumni Impact



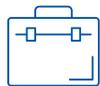
\$70.7 million
TOTAL IMPACT

- OR -

1,560
JOBS SUPPORTED

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 Washington County if not for the existence of Blinn-Brenham. While attending, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$6 million in added income for the county economy in FY 2018-19, which supported 145 jobs in Washington County.

Alumni impact



The education and training Blinn-Brenham provides for county residents has the greatest impact. Since its establishment, students have studied at Blinn-Brenham and entered the county workforce with greater knowledge and new skills. Today, thousands of former Blinn-Brenham students are employed in Washington County. As a result of their Blinn-Brenham educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, Blinn-Brenham alumni generated \$43 million in added income for the county economy, which is equivalent to supporting 714 jobs.

Total impact

Blinn-Brenham added \$70.7 million in income to the Washington County 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 \$70.7 million impact was equal to approximately 4.3% of the total gross regional product (GRP) of Washington County. This contribution that the campus provided on its own was larger than the entire Construction industry in the county.

Blinn-Brenham's total impact can also be expressed in terms of jobs supported. The \$70.7 million impact supported 1,560 county jobs, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 16 jobs in Washington County is supported by the activities of Blinn-Brenham and its students. In addition, the \$70.7 million, or 1,560 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Blinn-Brenham's spending and alumni in the Government, Non-Education industry sector supported 141 jobs in FY 2018-19. These are impacts that would not have been generated without Blinn-Brenham's presence in Washington County.

BLINN-BRENHAM IMPACTS BY INDUSTRY (JOBS SUPPORTED)



One out of every 16 jobs in Washington County is supported by the activities of Blinn-Brenham and its students.



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-Brenham as an investment from the perspectives of students, taxpayers, and society in Texas.

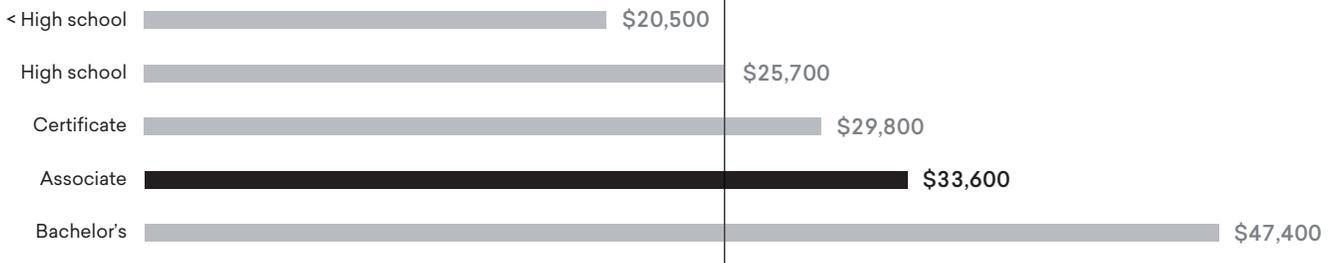
Student perspective



In FY 2018-19, Blinn-Brenham served 3,641 credit and 610 non-credit 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-Brenham’s students in FY 2018-19 amounted to a present value of \$36.7 million, equal to \$26.2 million in out-of-pocket expenses (including future principal and interest on student loans) and \$10.4 million in forgone time and money.

In return for their investment, Blinn-Brenham’s students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Blinn-Brenham associate degree graduate from FY 2018-19 will see annual earnings that are \$7,900 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 \$363.4 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that Blinn-Brenham’s FY 2018-19 students will receive over their working careers is \$78.6 million.

The average associate degree graduate from Blinn-Brenham will see an increase in earnings of **\$7,900** 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 2.1. In other words, for every dollar students invest in Blinn-Brenham, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$2.10 in higher future earnings. Annually, the students' investment in Blinn-Brenham has an average annual internal rate of return of 9.5%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

Taxpayer perspective



Blinn-Brenham 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-Brenham 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 \$22.5 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Blinn-Brenham students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Blinn-Brenham 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-Brenham 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-Brenham education will generate \$2.8 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$25.3 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$8.4 million, equal to the amount of state and local government funding Blinn-Brenham received in FY 2018-19. These benefits and costs yield a benefit-cost ratio of 3.0. This means that for every dollar of public money invested in Blinn-Brenham in FY

*For every dollar of public money invested in Blinn-Brenham, taxpayers will receive a cumulative value of **\$3.00** over the course of the students' working lives.*



STUDENT PERSPECTIVE

\$78.6 million
Present value benefits

\$36.7 million
Present value costs

\$41.9 million
Net present value

Benefit-cost ratio Rate of return

2.1

9.5%



TAXPAYER PERSPECTIVE

\$25.3 million
Present value benefits

\$8.4 million
Present value costs

\$16.9 million
Net present value

Benefit-cost ratio Rate of return

3.0

7.1%



SOCIAL PERSPECTIVE

\$364.1 million
Present value benefits

\$53.4 million
Present value costs

\$310.7 million
Net present value

Benefit-cost ratio Rate of return

6.8

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.

2018-19, taxpayers will receive a cumulative value of \$3.00 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 7.1%, 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-Brenham 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-Brenham 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-Brenham equal a present value of \$364.1 million. These benefits include \$355.5 million in added income through students' increased lifetime earnings and increased business output, as well as \$8.6 million in social savings related to health, crime, and income assistance in Texas. People in Texas invested a present value total of \$53.4 million in Blinn-Brenham in FY 2018-19. The cost includes all the campus and student costs.

The benefit-cost ratio for society is 6.8, equal to the \$364.1 million in benefits divided by the \$53.4 million in costs. In other words, for every dollar invested in Blinn-Brenham, people in Texas will receive a cumulative value of \$6.80 in benefits. The benefits of this investment will occur for as long as Blinn-Brenham's FY 2018-19 students remain employed in the state workforce.

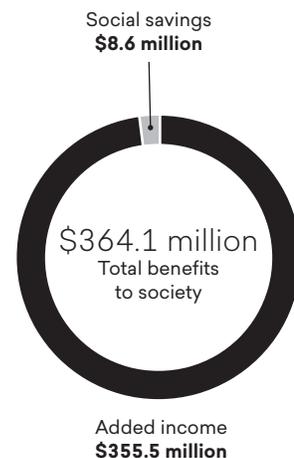
Summary of investment analysis results

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

Return on investment for local taxpayers

Taxpayers in Washington County provided 4% of Blinn-Brenham's funding, or \$1.9 million, in FY 2018-19. In return for that investment, the county will receive a present value of \$4.8 million in benefits, generated by increased tax revenues and government savings in the county. This means that for every dollar Washington County taxpayers invest in the college, they will receive \$2.50 in return. Local taxpayers enjoy an annual rate of return of 10.8% for this investment.

SOCIAL BENEFITS IN TEXAS FROM BLINN-BRENHAM



Conclusion

The results of this study demonstrate that Blinn-Brenham 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-Brenham enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The campus benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Blinn-Brenham 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.

Important note

In 2013, Emsi conducted an economic impact analysis of Blinn-Brenham 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.

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



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

FACT SHEET

THE Blinn College District's Brenham Campus (Blinn-Brenham) 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-Brenham added **\$70.7 million** in income to the Washington County economy, a value approximately equal to **4.3%** of the county's total gross regional product (GRP). Expressed in terms of jobs, Blinn-Brenham's impact supported **1,560 jobs**. For perspective, the activities of Blinn-Brenham and its students support **one out of every 16 jobs** in Washington County.

OPERATIONS SPENDING IMPACT

- Blinn-Brenham employed 637 full-time and part-time faculty and staff. Payroll amounted to \$18.3 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The campus spent another \$13.1 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of Blinn-Brenham's operations spending added **\$19.4 million** in income to the county economy in FY 2018-19.

CONSTRUCTION SPENDING IMPACT

- Blinn-Brenham 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 county economy.
- The net impact of Blinn-Brenham's construction spending in FY 2018-19 was **\$2.3 million** in added income for Washington County.

STUDENT SPENDING IMPACT

- Around 79% of students attending Blinn-Brenham originated from outside the county. Some of these students relocated to Washington County. In addition, some in-county students, referred to as retained students, would have left Washington County for other educational opportunities if not for Blinn-Brenham. These relocated and retained students spent money

IMPACTS CREATED BY
BLINN-BREHAM IN FY 2018-19



\$19.4 million
Operations Spending Impact



\$2.3 million
Construction Spending Impact



\$6 million
Student Spending Impact



\$43 million
Alumni Impact



\$70.7 million
TOTAL IMPACT

- OR -

1,560
JOBS SUPPORTED



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 **\$6 million** in income to the Washington County economy.

ALUMNI IMPACT

- Over the years, students have studied at Blinn-Brenham and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Washington County.
- The net impact of Blinn-Brenham's former students currently employed in the county workforce amounted to **\$43 million** in added income in FY 2018-19.



Investment analysis

STUDENT PERSPECTIVE

- Blinn-Brenham's FY 2018-19 students paid a present value of **\$26.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$10.4 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$78.6 million** in increased earnings over their working lives. This translates to a return of **\$2.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **9.5%**.

TAXPAYER PERSPECTIVE

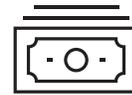
- State and local taxpayers provided Blinn-Brenham with **\$8.4 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$22.5 million**. A reduced demand for government-funded services in Texas will add another **\$2.8 million** in benefits to taxpayers.
- For every dollar of public money invested in Blinn-Brenham, state and local taxpayers will receive **\$3.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **7.1%**.

SOCIAL PERSPECTIVE

- In FY 2018-19, Texas invested **\$53.4 million** to support Blinn-Brenham. In turn, the Texas economy will grow by **\$355.5 million**, over the course of students' working lives. Society will also benefit from **\$8.6 million** of public and private sector savings.
- For every dollar invested in Blinn-Brenham in FY 2018-19, people in Texas will receive **\$6.80** in return, for as long as Blinn-Brenham's FY 2018-19 students remain active in the state workforce.

Return on investment for local taxpayers

Taxpayers in Washington County provided 4% of Blinn-Brenham's funding, or \$1.9 million, in FY 2018-19. In return for that investment, the county will receive a present value of \$4.8 million in benefits, generated by increased tax revenues and government savings in the county. This means that for every dollar Washington County taxpayers invest in the college, they will receive \$2.50 in return. Local taxpayers enjoy an annual rate of return of 10.8% for this investment.



FOR EVERY \$1...



Students gain

\$2.10

in lifetime earnings



Taxpayers gain

\$3.00

in added tax revenue and public sector savings



Society gains

\$6.80

in added income and social savings

