



The Economic Value of the  
Blinn College District at RELLIS

# EXECUTIVE SUMMARY



**T**HE Blinn College District at RELLIS (Blinn at RELLIS) 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 Brazos County. Blinn at RELLIS provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Blinn at RELLIS is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Blinn at RELLIS influences both the lives of its students and the county economy. The campus supports a variety of industries in Brazos 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 at RELLIS even extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Blinn at RELLIS 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 Brazos 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 at RELLIS influences both the **lives of its students** and the **county economy**.*

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# Economic impact analysis

Blinn at RELLIS promotes economic growth in Brazos 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 Brazos County, whose expenditures benefit county vendors. In addition, Blinn at RELLIS is a source of higher education to Brazos County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

## Operations spending impact



Blinn at RELLIS adds economic value to Brazos County as an employer of county residents and a large-scale buyer of goods and services. In FY 2018-19, the campus employed 28 full-time and part-time faculty and staff, 64% of whom lived in Brazos County. Total payroll at Blinn at RELLIS was \$5.4 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 \$3.5 million on day-to-day expenses related to facilities, supplies, and professional services.

Blinn at RELLIS's day-to-day operations spending added \$7.9 million in income to the county during the analysis year. This figure represents Blinn at RELLIS 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 \$7.9 million in added income is equivalent to supporting 61 jobs in the county.

## Construction spending impact



Blinn at RELLIS 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, the construction spending of Blinn at RELLIS generated \$658.7 thousand in added income, which is equivalent to supporting 11 jobs.

## Student spending impact



Around 91% of students attending Blinn at RELLIS originated from outside the county in FY 2018-19, and some of these students relocated to Brazos County to attend Blinn at RELLIS. These students

IMPACTS CREATED BY  
BLINN AT RELLIS IN FY 2018-19



**\$7.9 million**  
Operations Spending Impact



**\$658.7 thousand**  
Construction Spending Impact



**\$1.6 million**  
Student Spending Impact



**\$41.7 thousand**  
Alumni Impact



**\$10.2 million**  
TOTAL IMPACT

- OR -

**114**  
JOBS SUPPORTED

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 Brazos County if not for the existence of Blinn at RELLIS. While attending, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$1.6 million in added income for the county economy in FY 2018-19, which supported 41 jobs in Brazos County.

### Alumni impact



The education and training Blinn at RELLIS provides for county residents, while currently small since it opened its doors in 2018, will have the greatest impact. Since its establishment in 2018, students have studied at Blinn at RELLIS and entered the county workforce with greater knowledge and new skills. Today, many former Blinn at RELLIS students are employed in Brazos County. As a result of their Blinn at RELLIS educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, Blinn at RELLIS alumni generated \$41.7 thousand in added income for the county economy. This alumni impact is projected to grow as more students attend Blinn at RELLIS and enter the county workforce.

### Total impact

Blinn at RELLIS added \$10.2 million in income to the Brazos 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 \$10.2 million impact was equal to approximately 0.1% of the total gross regional product (GRP) of Brazos County.

Blinn at RELLIS's total impact can also be expressed in terms of jobs supported. The \$10.2 million impact supported 114 county jobs, using the jobs-to-sales ratios specific to each industry in the county. In addition, the \$10.2 million, or 114 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Blinn at RELLIS's spending and student spending in the Accommodation & Food Services industry sector supported 28 jobs in FY 2018-19. These are impacts that would not have been generated without the presence of Blinn at RELLIS in Brazos County.

BLINN AT RELLIS 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 at RELLIS as an investment from the perspectives of students, taxpayers, and society in Texas.

## Student perspective



In FY 2018-19, Blinn at RELLIS served 2,031 credit and 14 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 at RELLIS's students in FY 2018-19 amounted to a present value of \$17 million, equal to \$5.1 million in out-of-pocket expenses (including future principal and interest on student loans) and \$11.9 million in forgone time and money.

In return for their investment, Blinn at RELLIS's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Blinn at RELLIS associate degree graduate from FY 2018-19 will see annual earnings that are \$9,800 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 \$460.6 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that Blinn at RELLIS's FY 2018-19 students will receive over their working careers is \$69.9 million.

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



**14.2%**

Average annual return for Blinn at RELLIS students



**9.9%**

Stock market 30-year average annual return

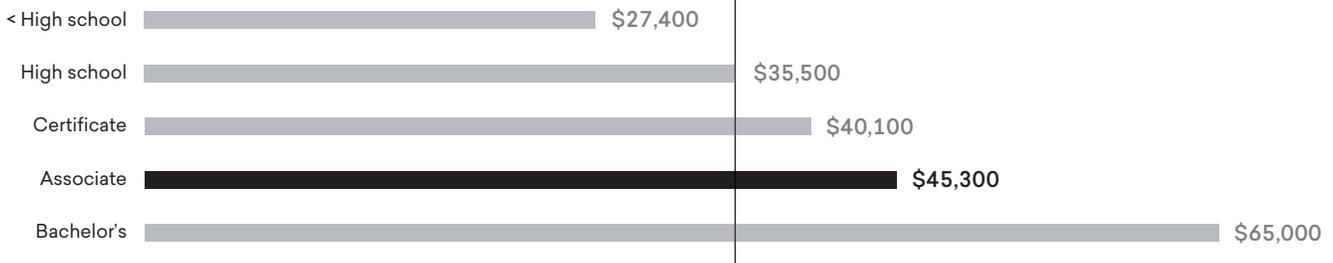


**0.8%**

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 at RELLIS will see an increase in earnings of **\$9,800** 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 4.1. In other words, for every dollar students invest in Blinn at RELLIS, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.10 in higher future earnings. Annually, the students' investment in Blinn at RELLIS has an average annual internal rate of return of 14.2%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

## Taxpayer perspective



Blinn at RELLIS 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 at RELLIS 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 \$18.4 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Blinn at RELLIS students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Blinn at RELLIS 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 at RELLIS 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 at RELLIS education will generate \$2 million in savings to state taxpayers.

Total taxpayer benefits amount to \$20.4 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$2.8 million, equal to the amount of state government funding Blinn at RELLIS received in FY 2018-19. These benefits and costs yield a benefit-cost ratio of 7.2. This means that for every dollar of public money invested in Blinn at RELLIS in FY 2018-19, taxpayers will receive a cumulative value of \$7.20 over the course of the stu-

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*For every dollar of public money invested in Blinn at RELLIS, taxpayers will receive a cumulative value of **\$7.20** over the course of the students' working lives.*

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### STUDENT PERSPECTIVE

**\$69.9 million**  
Present value benefits

**\$17 million**  
Present value costs

**\$52.9 million**  
Net present value

Benefit-cost ratio      Rate of return

4.1

14.2%



### TAXPAYER PERSPECTIVE

**\$20.4 million**  
Present value benefits

**\$2.8 million**  
Present value costs

**\$17.6 million**  
Net present value

Benefit-cost ratio      Rate of return

7.2

16.1%



### SOCIAL PERSPECTIVE

**\$297.6 million**  
Present value benefits

**\$23.5 million**  
Present value costs

**\$274.1 million**  
Net present value

Benefit-cost ratio      Rate of return

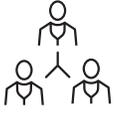
12.7

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.

dents' working lives. The average annual internal rate of return for taxpayers is 16.1%, 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 at RELLIS 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 at RELLIS 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.

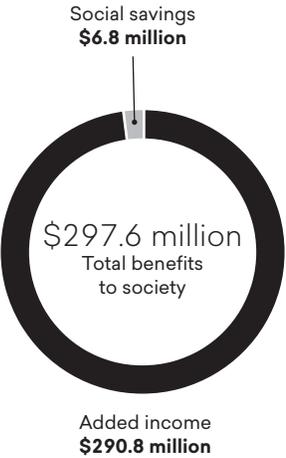
Altogether, the social benefits of Blinn at RELLIS equal a present value of \$297.6 million. These benefits include \$290.8 million in added income through students' increased lifetime earnings and increased business output, as well as \$6.8 million in social savings related to health, crime, and income assistance in Texas. People in Texas invested a present value total of \$23.5 million in Blinn at RELLIS in FY 2018-19. The cost includes all the campus and student costs.

The benefit-cost ratio for society is 12.7, equal to the \$297.6 million in benefits divided by the \$23.5 million in costs. In other words, for every dollar invested in Blinn at RELLIS, people in Texas will receive a cumulative value of \$12.70 in benefits. The benefits of this investment will occur for as long as Blinn at RELLIS's FY 2018-19 students remain employed in the state workforce.

### Summary of investment analysis results

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

SOCIAL BENEFITS IN TEXAS FROM BLINN AT RELLIS



# Conclusion

The results of this study demonstrate that Blinn at REL- LIS 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 at REL- LIS enriches the lives of students by raising their life-time 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 at REL- LIS 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 Economic Value of the Blinn College District at RELIS FACT SHEET

**T**HE Blinn College District at RELIS (Blinn at RELIS) 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 at RELIS added **\$10.2 million** in income to the Brazos County economy, a value approximately equal to **0.1%** of the county’s total gross regional product (GRP). Expressed in terms of jobs, the impact of Blinn at RELIS supported **114 jobs**.

### OPERATIONS SPENDING IMPACT

- Blinn at RELIS employed 28 full-time and part-time faculty and staff. Payroll amounted to \$5.4 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 \$3.5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of Blinn at RELIS’s operations spending added **\$7.9 million** in income to the county economy in FY 2018-19.

### CONSTRUCTION SPENDING IMPACT

- Blinn at RELIS 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 at RELIS’s construction spending in FY 2018-19 was **\$658.7 thousand** in added income for Brazos County.

### STUDENT SPENDING IMPACT

- Around 91% of students attending Blinn at RELIS originated from outside the county. Some of these students relocated to Brazos County. In addition, some in-county students, referred to as retained students, would have left Brazos County for other educational opportunities if not for Blinn at RELIS. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at county businesses.

IMPACTS CREATED BY  
BLINN AT RELIS IN FY 2018-19



**\$7.9 million**  
Operations Spending Impact



**\$658.7 thousand**  
Construction Spending Impact



**\$1.6 million**  
Student Spending Impact



**\$41.7 thousand**  
Alumni Impact



**\$10.2 million**  
TOTAL IMPACT

- OR -

**114**  
JOBS SUPPORTED



- The expenditures of relocated and retained students in FY 2018-19 added **\$1.6 million** in income to the Brazos County economy.

#### ALUMNI IMPACT

- Since it opened in 2018, students have studied at Blinn at RELLIS and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, many of these former students are employed in Brazos County.
- The net impact of Blinn at RELLIS's former students currently employed in the county workforce amounted to **\$41.7 thousand** in added income in FY 2018-19. This impact is projected to grow as Blinn at RELLIS serves more students and they enter the county workforce.



### Investment analysis

#### STUDENT PERSPECTIVE

- Blinn at RELLIS's FY 2018-19 students paid a present value of **\$5.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forewent **\$11.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$69.9 million** in increased earnings over their working lives. This translates to a return of **\$4.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.2%**.

#### TAXPAYER PERSPECTIVE

- Taxpayers provided Blinn at RELLIS with **\$2.8 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 **\$18.4 million**. A reduced demand for government-funded services in Texas will add another **\$2 million** in benefits to taxpayers.
- For every dollar of public money invested in Blinn at RELLIS, taxpayers will receive **\$7.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **16.1%**.

#### SOCIAL PERSPECTIVE

- In FY 2018-19, Texas invested **\$23.5 million** to support Blinn at RELLIS. In turn, the Texas economy will grow by **\$290.8 million**, over the course of students' working lives. Society will also benefit from **\$6.8 million** of public and private sector savings.
- For every dollar invested in Blinn at RELLIS in FY 2018-19, people in Texas will receive **\$12.70** in return, for as long as Blinn at RELLIS's FY 2018-19 students remain active in the state workforce.

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



Average annual return for Blinn at RELLIS students

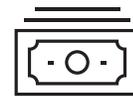


Stock market 30-year average annual return



Interest earned on savings account (National Rate Cap)

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



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



Students gain  
**\$4.10**  
in lifetime earnings



Taxpayers gain  
**\$7.20**  
in added tax revenue and public sector savings



Society gains  
**\$12.70**  
in added income and social savings

