

## **Executive Summary**

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The purpose of this report is to assess the impact of Southwest Texas Junior College (SWTJC) as a whole on the regional economy and the benefits generated by the college for students, society, and taxpayers. The results of this study show that SWTJC creates a positive net impact on the regional economy and generates benefits for students, society, and taxpayers.

### ***Economic Impact Analysis***

This study reports the impacts of SWTJC in terms of value added and jobs. Impacts reported in this section equal the sum of the initial and multiplier effects – where the initial effect is the shock to the economy caused by SWTJC and the multiplier effects are the subsequent economic activity occurring in the region.

- In FY 2012-13, SWTJC enrolled **7,524** students in courses for credit, spent **\$20.8 million** in payroll that employed **310** full-time and **200** part-time employees, and spent another **\$14.0 million** on goods and services.
- The net impact of SWTJC operational expenditures was approximately **\$24.3 million** in added value, equivalent to **573 jobs**, in the SWTJC Service Area.
- Around **2%** of SWTJC students originated from outside the SWTJC Service Area. The spending of these out-of-region students for living and personal expenses created approximately **\$193,500** in added value for the SWTJC Service Area, equivalent to **5 jobs**.
- An estimated **98%** of SWTJC alumni stay in the SWTJC Service Area after leaving the college. The accumulated impact of alumni who were employed in the regional workforce in FY 2012-13 amounted to **\$132.3 million** in added value in the SWTJC Service Area, equivalent to **3,233 jobs**.
- The total impact of SWTJC on the regional economy in FY 2012-13 was **\$156.9 million** in added value, or the same amount that **3,811 jobs** would generate for the SWTJC Service Area. This is approximately equal to **2.6%** of the SWTJC Service Area's gross regional product.

### ***Investment Analysis***

Investment analysis is the practice of comparing the costs and benefits of an investment to determine whether or not it is profitable. This study considers SWTJC as an investment from the perspectives of students, society, and taxpayers.

- Students invest their own money and time in their education. Students enrolled at SWTJC paid a total of **\$10.5 million** to cover the cost of tuition, fees, books, and supplies at SWTJC in FY 2012-13. They also forwent **\$28.4 million** in earnings that they would have generated had they

been working instead of learning. In return, students will receive a present value of **\$238.9 million** in increased earnings over their working lives. This translates to a return of **\$6.10** in higher future income for every \$1 that students pay for their education at SWTJC. The corresponding annual rate of return is **20.1%**.

- Texas as a whole spent **\$68.7 million** on SWTJC educations in FY 2012-13. This includes **\$34.9 million** in SWTJC expenditures, **\$5.4 million** in student expenditures, and **\$28.4 million** in student opportunity costs. In return, the state of Texas will receive a present value of **\$1.4 billion** in added state income over the course of the students' working lives. Texas will also benefit from **\$21.9 million** in present value social savings related to reduced crime, lower welfare and unemployment, and increased health and well-being across the state. For every dollar society invests in an SWTJC student's education, an average of **\$21.10** in benefits will accrue to Texas over the course of the student's career.
- Taxpayers provided **\$11.8 million** of state and local funding to SWTJC in FY 2012-13. In return, taxpayers will receive a present value of **\$95.1 million** in added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts. Savings to the public sector add another **\$6.7 million** in benefits due to a reduced demand for government-funded social services in Texas. For every taxpayer dollar spent on SWTJC educations, taxpayers will receive an average of **\$8.70** in return over the course of the students' working lives. In other words, taxpayers enjoy an annual rate of return of **20.0%**.

### ***Notes of Importance***

There are two points to consider when reviewing the findings of this study:

- If state and local dollars were not spent on SWTJC, they would have been spent elsewhere in the region and would have created impacts regardless. This study accounts for that counterfactual scenario. The impacts of the counterfactual spending are estimated and then subtracted from the SWTJC spending impacts.
- Impacts are reported in the form of income and value added rather than output. Output includes all the intermediary costs associated with producing goods and services. Income and value added, on the other hand, are net measures that exclude these intermediary costs and are synonymous with gross regional product. For this reason, they are more meaningful measures of new economic activity than output.