

FACT SHEET

Of South Puget Sound Community College | August 2016

South Puget Sound Community College (SPSCC) 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2014-15.

IMPACTS CREATED BY SPSCC IN FY 2014-15

ADDED INCOME	JOB
Operations spending impact	
\$34 million	564
Student spending impact	
\$12.6 million	212
Alumni impact	
\$269.4 million	4,447
Total impact	
\$316.1 million	5,223

IMPACT ON BUSINESS COMMUNITY

During the analysis year, SPSCC and its students added **\$316.1 million** in added income to the SPSCC Service Area economy, approximately equal to **2.9%** of the region's total GRP. By comparison, this impact from the college is roughly the same size as the Real Estate & Rental & Leasing industry in the region. The economic impacts of SPSCC break down as follows:

Operations spending impact

- SPSCC employed 455 full-time and part-time employees in FY 2014-15. Payroll amounted to **\$27.3 million**, much of which was spent in the SPSCC Service Area to purchase groceries, clothing, and other household goods and services. The college spent another **\$28.1 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the SPSCC Service Area during the analysis year was approximately **\$34 million** in added income.

Impact of student spending

- Around 14% of students attending SPSCC originated from outside the region. Some of these students relocated to the SPSCC Service Area. In addition, a number of students would have left the region if not for SPSCC. These relocator and retained students spent money on groceries, transportation, rent, and so on at region businesses.
- The expenditures of relocator and retained students during the analysis year added approximately **\$12.6 million** in added income to the SPSCC Service Area economy.

STUDENT RATE OF RETURN



* RealtyTrac's Q3, 2014

** Forbes' S&P 500, 1994-2014.

Alumni impact

- Over the years, students have studied at SPSCC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the SPSCC Service Area.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$269.4 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- SPSCC's FY 2014-15 students paid a total of **\$18.3 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$78.1 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$349 million** in increased earnings over their working lives. This translates to a return of **\$3.60** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **15.4%**.

Taxpayer perspective

- In FY 2014-15, state and local taxpayers in Washington paid **\$27.3 million** to support the operations of SPSCC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$78.1 million** in benefits to taxpayers. Savings to the public sector add another **\$7.7 million** in benefits due to a reduced demand for government-funded services in Washington.
- Dividing benefits to taxpayers by the associated costs yields a **3.1** benefit-cost ratio, i.e., every \$1 in costs returns \$3.10 in benefits. The average annual return on investment for taxpayers is **10.4%**.

Social perspective

- The economic base in Washington will grow by **\$1.3 billion** over the course of the students' working lives. Society will also benefit from **\$23.1 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on SPSCC educations during the analysis year, society will receive a cumulative value of **\$9.60** in benefits, for as long as the FY 2014-15 student population at SPSCC remains active in the state workforce.

