



FACT SHEET

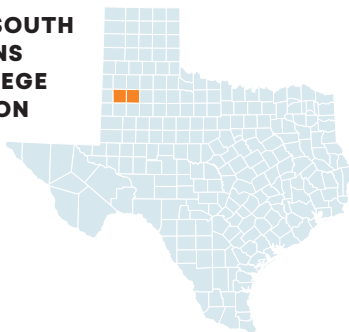
The Economic Value of South Plains College | March 2018

South Plains College (SPC) 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) 2015-16.

IMPACTS CREATED BY SPC IN FY 2015-16

ADDED INCOME	JOBS
\$49.7 million	922
Operations spending impact	
\$433.8 thousand	7
Construction spending impact	
\$36.7 million	604
Student spending impact	
\$312.4 million	5,402
Alumni impact	
\$399.2 million	6,936
Total impact	

THE SOUTH PLAINS COLLEGE REGION



IMPACT ON BUSINESS COMMUNITY

During the analysis year, SPC and its students added **\$399.2 million** in income to the regional economy, approximately equal to **2.6%** of the region's total gross regional product (GRP). By comparison, this impact from the college is nearly as large as the entire Transportation & Warehousing industry. The economic impacts of SPC break down as follows:

Operations spending impact

- SPC employed 813 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$41.5 million**, much of which was spent in the service area region to purchase groceries, clothing, and other household goods and services. The college spent another **\$23.7 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the region during the analysis year was approximately **\$49.7 million** in income.

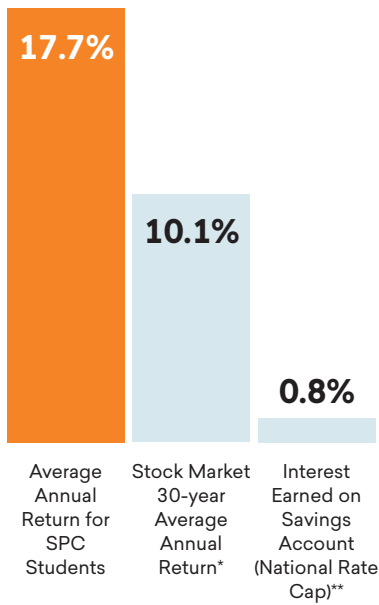
Construction spending impact

- SPC spent \$1.1 million and commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of SPC's construction spending in FY 2015-16 was **\$433.8 thousand** in added income for the regional economy.

Student spending impact

- Around **44%** of students attending SPC originated from outside the region. Some of these students relocated to the service area region. In addition, a number of students would have left the region if not for SPC. These relocated and retained students spent money on groceries, transportation, rent, and so on at regional businesses.

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

- The expenditures of relocated and retained students during the analysis year added approximately **\$36.7 million** in income to the regional economy.

Alumni impact

- Over the years, students have studied at SPC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the South Plains.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$312.4 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- SPC's FY 2015-16 students paid a total present value of **\$25.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$59 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 **\$439.1 million** in increased earnings over their working lives. This translates to a return of **\$5.20** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **17.7%**.

Taxpayer perspective

- In FY 2015-16, state and local taxpayers in Texas paid **\$32.9 million** to support the operations of SPC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$158.1 million** in benefits to taxpayers. Savings to the public sector add another **\$14.3 million** in benefits due to a reduced demand for government-funded services in Texas.
- Dividing benefits to taxpayers by the associated costs yields a **5.2** benefit-cost ratio, i.e., every \$1 in costs returns \$5.20 in benefits. The average annual return on investment for taxpayers is **13.0%**.

Social perspective

- The economic base in Texas will grow by **\$2.5 billion** over the course of the students' working lives. Society will also benefit from **\$49.3 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 SPC FY 2015-16 educations, society will receive a cumulative value of **\$18.40** in benefits, for as long as the FY 2015-16 student population at SPC remains active in the state workforce.

For every **\$1** spent by...

<p>STUDENTS</p> <p>\$5.20</p> <p>Gained in lifetime earnings for STUDENTS</p>
<p>TAXPAYERS</p> <p>\$5.20</p> <p>Gained in added taxes and public sector savings for TAXPAYERS</p>
<p>SOCIETY</p> <p>\$18.40</p> <p>Gained in added state revenue and social savings for SOCIETY</p>