



# Analysis of the **Economic Impact** and **Benefits** of Education

THE ECONOMIC VALUE OF SOUTH PLAINS COLLEGE - HOCKLEY COUNTY

March 2018

An aerial photograph of a campus featuring a large green lawn, several tall flagpoles with flags, and a dense line of trees in the background. The scene is captured from a high angle, showing the shadows of the trees and flagpoles on the grass.

# EXECUTIVE SUMMARY

# Executive summary

South Plains College creates value in many ways for the College District. The college plays a key role in helping students increase their employability and achieve their individual potential. It provides students with the skills they need to have fulfilling and prosperous careers. Further, it supplies an environment for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

The value of SPC influences both the lives of students and the College District's economy. The Levelland Campus serves a range of industries in Hockley County, supports local businesses, and benefits society as a whole in Hockley County from an expanded economy and improved quality of life. The benefits created by SPC extends to the local government through increased tax revenues and public sector savings.

This study investigates the economic impacts created by the Levelland Campus on the business community and the benefits that the college generates for local taxpayers. This study focuses on the impacts and benefits generated for the Hockley County portion of the College District.

All results reflect student and financial data for fiscal year (FY) 2015-16. Impacts on the county business community are reported under the economic impact analysis. Results are measured in terms of added income.

**THE HOCKLEY  
COUNTY  
REGION**



# Economic impact analysis

SPC promotes economic growth in the College District in a variety of ways. The college is an employer and buyer of goods and services. In addition, the Levelland Campus is a primary source of education to district residents and a supplier of trained workers to county industries.

## OPERATIONS SPENDING IMPACT

The SPC Levelland Campus is an important employer in Hockley County. In FY 2015-16, the college employed 562 full-time and part-time faculty and staff. Of these, 53% lived in the county. Total payroll at SPC was \$27.3 million, much of which was spent in the county for groceries, rent, dining out, clothing, and other household expenses.

SPC is itself a large-scale buyer of goods and services. In FY 2015-16, the Levelland Campus spent \$9.9 million to cover its expenses for facilities, professional services, and supplies.

SPC added \$28.6 million in income to the region during the analysis year as a result of its day-to-day operations. This figure represents the college’s payroll, the multiplier effects generated by the spending of the college and its employees, and a downward adjustment to account for funding that the college received from local sources. The \$28.6 million in added income is equivalent to supporting 590 jobs.

## ALUMNI IMPACT

The education and training SPC provides for College District residents results in a considerable impact. Since the college was established, students have studied at the SPC Levelland Campus and entered the county workforce with new skills. Today, many former students are employed in Hockley County.

During the analysis year, past and present students who attended the SPC Levelland Campus generated \$20.3 million in added income for the College District. This figure represents the higher earnings that students earned during the year, the increased output of the businesses that employed the students, and the multiplier effects that occurred as students and their employers spent money at other businesses. This \$20.3 million in added income is equivalent to supporting 383 jobs.

**TABLE 1:** Impacts created by SPC in FY 2015-16

| ADDED INCOME                      | JOBS       |
|-----------------------------------|------------|
| <b>\$28.6 million</b>             | <b>590</b> |
| <b>Operations spending impact</b> |            |
| <b>\$20.3 million</b>             | <b>383</b> |
| <b>Alumni impact</b>              |            |
| <b>\$48.9 million</b>             | <b>974</b> |
| <b>Total impact</b>               |            |



## TOTAL IMPACT

The overall impact of the SPC Levelland Campus on the local business community during the analysis year amounted to \$48.9 million in added income, equal to the sum of the operations spending impact and the alumni impact. The \$48.9 million in added income was equal to approximately 4.2% of the GRP of Hockley County. By comparison, this contribution that the college provides on its own is nearly as large as the entire Agriculture, Forestry, Fishing & Hunting industry in the county.

The total impact is also expressed in terms of the jobs supported by the added income; they are calculated by jobs-to-sales ratios specific to each industry. Overall, the \$48.9 million impact supports 974 jobs. For perspective, this means that one out of every 14 jobs in the College District is supported by the activities of the SPC Levelland Campus and its students.

A portion of the total \$48.9 million is broken out into an industry-by-industry impact ordered by added income. Table 2 outlines the top industries impacted by the college in the College District. Because industries have different jobs-to-sales ratios, the associated jobs supported by SPC differ by impact. Nonetheless, these are impacts that would not have been generated without the college's presence.

**TABLE 2:** Top industries impacted by SPC Hockley

| TOTAL INCOME (MILLIONS)                       | JOBS       |
|---|------------|
| <b>\$6</b>                                    | <b>34</b>  |
| Mining  |            |
| <b>\$2.7</b>                                  | <b>123</b> |
| Other Services (except Public Administration) |            |
| <b>\$1.9</b>                                  | <b>42</b>  |
| Health Care & Social Assistance               |            |
| <b>\$1.8</b>                                  | <b>31</b>  |
| Government, Non-Education                     |            |
| <b>\$1.3</b>                                  | <b>23</b>  |
| Construction                                  |            |
| <b>\$35.3</b>                                 | <b>721</b> |
| All other industries                          |            |
| <b>\$48.9</b>                                 | <b>974</b> |
| Total impact                                  |            |



# Taxpayer Benefits

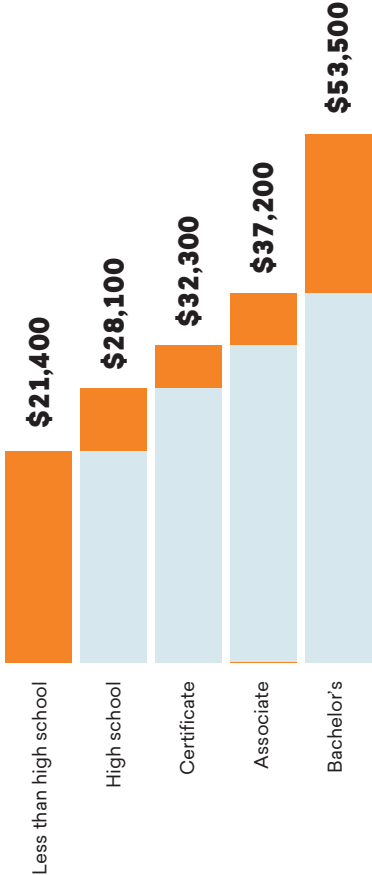
SPC has a significant positive impact on the College District economy, as investigated earlier in this analysis. Taxpayers in the district benefit from the SPC Levelland Campus' presence in the form of increased tax revenues as well as the improved lifestyles of the students they serve. This section of the report focuses on the benefits that accrue to College District taxpayers over the course of the working life of students served by SPC in FY 2015-16.

## TAXPAYER BENEFITS

Benefits to local taxpayers consist primarily of taxes that the local government will collect from the added revenue created in the College District. As SPC Levelland Campus students earn more, they will make higher tax payments. Employers will also make higher tax payments as they increase their output and purchase more supplies and services. By the end of the FY 2015-16 students' working careers, the local government will have collected a present value of \$4.6 million in added taxes.

Benefits to local taxpayers also consist of the savings generated by the improved lifestyles of students that settle in the region and the proportionally reduced government expenditures. Education is statistically correlated with a variety of lifestyle changes that generate taxpayer savings across three main categories: 1) health, 2) crime, and 3) unemployment. Improved health habits lower the students' demand for national health care services. Students are also less likely to commit crimes, so the demand for law enforcement and criminal justice services is reduced (study references are available in the main report). Students are also more employable, so the demand for welfare and unemployment benefits, such as earnings assistance and welfare benefits, is reduced. All of these benefits will generate a present value of \$939.1 thousand in savings to state and local taxpayers. Total benefits to taxpayers equal \$5.5 million, equal to the sum of the added taxes and public sector savings.

**FIGURE 1:** Average earnings by education level at career midpoint in the SPC College District



## Conclusion

The results of this study demonstrate that South Plains College creates value from multiple perspectives. The college benefits local businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers into the workforce. It benefits local taxpayers through increased tax receipts and a reduced demand for government-supported social services.

### ABOUT THE STUDY

Data and assumptions used in the study are based on several sources, including the FY 2015-16 academic and financial reports from SPC Hockley, 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 investment effectiveness and economic impact. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.



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