



# RETURN ON INVESTMENT

## Regional economic impact report

Grayson College creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups - students, society, and taxpayers.





**G**rayson College creates value in many ways. 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 a fulfilling and prosperous career. Further, it supplies an environment for students to meet new people, learn about different cultures and customs, increase their self-confidence, and promote their overall health and well-being.

The contribution of GC influences both the lives of students and also the regional economy. Grayson College serves a range of industries in Texoma and supports local businesses, and society as a whole in Texas (and southern Oklahoma) benefits from an expanded economy and improved quality of life. EMSI (Economic Modeling Specialists International, a CareerBuilder company), recently completed this study on the economic impacts created by GC on the business community and the benefits that the college generates in return for the investments made by its key stakeholder groups – students, society and taxpayers. The study analyzed the regional economic impact and the investment.

- Investment from the Student Perspective
- College operations impact, the local impact of student spending, and alumni impact on the workforce
- Investment from the Social and Taxpayer Perspectives

## Investment from the Student Perspective

*Investment analysis is the process of evaluating total costs and measuring these against total benefits to determine whether or not a proposed venture will be profitable. This study considers GC as an investment from the perspectives of students, society, and taxpayers. The backdrop for the analysis is the entire Texas economy.*

In 2012-13, GC served 7,107 credit students and 2,267 non-credit students. In return for their time spent at the college, GC's students will receive a stream of higher future wages that will continue to grow through their working lives. For example, **the average associate's degree completer from GC will see an increase in earnings of \$13,100 each year** compared to someone with a high school diploma or equivalent. Over a working lifetime, this increase in earnings amounts to an undiscounted value of approximately \$419,200 in higher income.

The total investment made by GC's students in FY 2012-13 amounted to \$77.4 million, equal to \$10.4 million in out-of-pocket expenses plus \$66.9 million in forgone time and money.

For every \$1 students invest in GC in the form of out-of-pocket expenses and forgone time and money, they receive a cumulative of \$2.60 in higher future wages. **The average annual rate of return for students is an impressive 12.6%.**

Student Perspective	
\$204,408	Benefits (thousands)
\$77,377	Costs (thousands)
\$127,032	Net present value (thousands)
2.6	Benefit-cost ratio
12.6%	Rate of return

## Investment from the Social Perspective

*Society as a whole within Texas benefits from the presence of GC in two major ways. The first and largest benefit that society receives is the added income created in the state. Students earn more because of the skills they acquire while attending GC. Businesses also earn more because of the enhanced skills of students make them more productive.*

Social Perspective	
\$1,469,113	Benefits (thousands)
\$111,167	Costs (thousands)
\$1,357,946	Net present value (thousands)
13.2	Benefit-cost ratio

Benefits to society also consist of the savings generated by the improved lifestyles of students. Education is statistically correlated with a variety of lifestyle changes that generate social savings across three main categories: 1) health, 2) crime, and 3) unemployment.

Combining all expenditures by GC, all student expenditures, and all student opportunity costs, totals \$111.2 million that society invested in GC educations

during the analysis year. **For every dollar of this investment, society as a whole in Texas will receive a cumulative value of \$13.20 in benefits.** (\$1.5 billion in benefits divided by the \$111.2 million in costs.) These benefits will occur for as long as GC's 2012-13 students remain employed in the state workforce.



## Investment from the Operational Perspective



*GC promotes economic growth in Texoma in a variety of ways. The College is an employer and buyer of goods and services, and the living expenses of students from outside of Texoma benefit local businesses. In addition, GC is a primary source of education to Texoma residents and a supplier of trained workers to regional industry.*

*The regional economic impact analysis examines the impact of GC on the local business community through increased consumer spending and enhanced business productivity. Results are measured in terms of added income and are organized according to three impacts: 1) Impact of college operations; 2) Impact of the spending of students who relocated to the region, and; 3) Impact of the increased productivity of alumni that were employed in the regional workforce during the analysis year.*

### Operations Spending Impact

GC is an important employer in Texoma. In FY 2012-13, the **College employed 563 full-time and part-time faculty and staff**. Of these, 98% lived in Texoma. Total payroll at GC was \$18.9 million, much of which was spent in the region for groceries, rent, eating out, clothing, and other household expenses.

GC itself is a large-scale buyer of goods and services. In FY 2012-13 **the College spent \$19.8 million to cover its expenses for facilities, professional services, and supplies.**

The **total income that GC created** during the analysis year as a **result of its day-to-day operations was \$34.4 million**. This 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.

### Impact of Student Spending

Around 6% of students attending GC originated from outside the region in FY 2012-13. While attending, out-of-region students spent \$7.8 million to purchase groceries, rent accommodation, pay for transportation, and so on, **generating \$7.7 million in new income in the economy** during the analysis year.

### Alumni Impact

GC's biggest impact results from the education and training it provides for local residents. Since the college was established, students have studied at GC and entered the workforce with new skills. Today, thousands of former students are employed in Texoma. During the analysis year, **former students of GC generated \$264.4 million in added income in the region**. This represents the higher wages that students earned during the year, the increased output of the businesses that employed the students, and the multiplier effect that occurred as students and their employers spent money at other businesses.

### Total Impact

The **overall impact of GC on the local business community** during the analysis year amounted to **\$306.6 million**, equal to the sum of the operations spending impact, the student spending impact and the alumni impact.

(Added) Income Generated by GC
\$34.4 million Operations spending impact
\$7.7 million Impact of student spending
\$264.4 million Alumni impact
<b>\$306.6 million</b> Total impact



## Investment from the Taxpayer Perspective

From the taxpayer perspective, benefits consist primarily of the taxes that state and local government will collect from the added income created in the state. As GC 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 students' working careers, state and local governments will have collected a present value of \$96.8 million in added taxes.**

A portion of the savings enjoyed by society also accrues to state and local taxpayers, seen in the form of lower demand for welfare and unemployment benefits, reduced demand for national health care services, and reduced crime. All of these benefits **will generate a present value of \$3.5 million in savings to state and local taxpayers.**

Taxpayer Perspective	
\$100,282	Benefits (thousands)
\$22,789	Costs (thousands)
\$77,493	Net present value (thousands)
4.4	Benefit-cost ratio
15.2%	Rate of return

Total benefits to taxpayers yields a benefit-cost ratio of 4.4. This means that **for every \$1 of public money invested in GC, taxpayers receive a cumulative value of \$4.40** over the course of the students' working lives. The **average annual rate of return is 15.2%**, a solid investment that compares favorably with other long-term investments in both the private and public sectors.



Data and assumptions used in the study are based on several sources, including the 2012-2013 academic and financial reports from the college, industry and employment data from the U.S. Bureau of Labor Statistics and the U.S. Census Bureau, outputs of EMSI's Social Accounting Matrix (SAM) 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. EMSI is a leading provider of economic impact studies and labor market data to educational institutions, workforce planners, and regional developers in the U.S. and internationally.



#### **Main Campus**

6101 Grayson Drive, Hwy 691  
Denison, Texas 75020

#### **South Campus**

1455 W. Van Alstyne Parkway  
Van Alstyne, Texas 75495

[www.grayson.edu](http://www.grayson.edu)