



# FACT SHEET

The Economic Value of Klamath Community College | July 2017

Klamath Community College (KCC) 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) 2015-16.

## IMPACT ON BUSINESS COMMUNITY

### IMPACTS CREATED BY KCC IN FY 2015-16

ADDED INCOME	JOBS
<b>\$12.8 million</b>	<b>278</b>
Operations spending impact	
<b>\$37,333</b>	<b>1</b>
Construction spending impact	
<b>\$5.8 million</b>	<b>132</b>
Student spending impact	
<b>\$45.7 million</b>	<b>795</b>
Alumni impact	
<b>\$64.3 million</b>	<b>1,206</b>
Total impact	

During the analysis year, KCC and its students added **\$64.3 million** in income to the Klamath County economy, approximately equal to **3.0%** of the county's total gross regional product. By comparison, this impact from the college is slightly larger than the entire Real Estate & Rental & Leasing industry in the county. The economic impacts of KCC break down as follows:

#### Operations spending impact

- KCC employed 262 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$11.6 million**, much of which was spent in Klamath County to purchase groceries, clothing, and other household goods and services. The college spent another **\$9.3 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in Klamath County during the analysis year was approximately **\$12.8 million** in income.

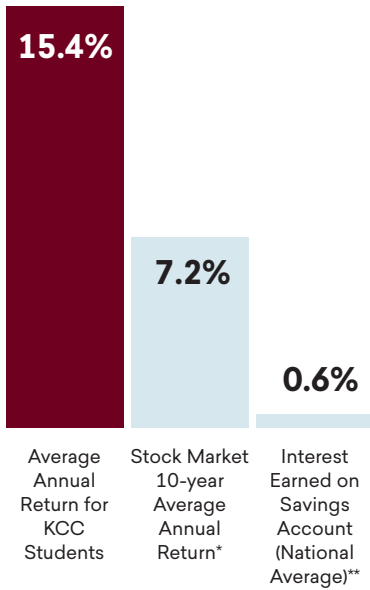
#### Construction spending impact

- KCC commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of KCC's construction spending in FY 2015-16 was **\$37.3 thousand** in added income for Klamath County.
- By the end of 2017, KCC will engage in two additional construction projects. The combined construction budget for these projects is \$14.7 million. This money will ripple through the regional economy, adding jobs and income. While these impacts are not included in this study since they occur outside the timeframe, it is recognized that they will create an impact the following fiscal year.

#### Student spending impact

- Around **8.3%** of students attending KCC originated from outside the county. Some of these students relocated to Klamath County. In addition, a number of students would have left the county if not for KCC. These relocated and retained students spent money on groceries, transportation, rent, and so on at county businesses.

## STUDENT RATE OF RETURN



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

\*\* FDIC.gov 12-2016.

- The expenditures of relocated and retained students during the analysis year added approximately **\$5.8 million** in income to the Klamath County economy.

### Alumni impact

- Over the years, students have studied at KCC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Klamath County.
- The accumulated contribution of former students currently employed in the county workforce amounted to **\$45.7 million** in added income during the analysis year.

## RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

### Student perspective

- KCC's FY 2015-16 students paid a total of **\$9.2 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$20 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 **\$126.2 million** in increased earnings over their working lives. This translates to a return of **\$4.30** 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 2015-16, state and local taxpayers in Oregon paid **\$10.4 million** to support the operations of KCC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$44.2 million** in benefits to taxpayers. Savings to the public sector add another **\$4.9 million** in benefits due to a reduced demand for government-funded services in Oregon.
- Dividing benefits to taxpayers by the associated costs yields a **4.7** benefit-cost ratio, i.e., every \$1 in costs returns \$4.70 in benefits. The average annual return on investment for taxpayers is **11.9%**.

### Social perspective

- The economic base in Oregon will grow by **\$460.2 million** over the course of the students' working lives. Society will also benefit from **\$13.4 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 KCC educations during the analysis year, society will receive a cumulative value of **\$10.50** in benefits, for as long as the FY 2015-16 student population at KCC remains active in the state workforce.

