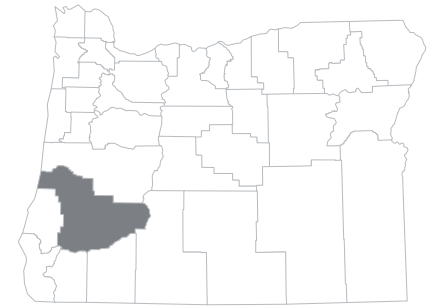




The Economic Value of Umpqua Community College

EXECUTIVE SUMMARY



DOUGLAS COUNTY

UMPQUA Community College (UCC) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the county, generating new dollars and opportunities for Douglas County. UCC provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, UCC is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

UCC influences both the lives of its students and the county economy. The college supports a variety of industries in Douglas County, serves county businesses, and benefits society as a whole in Oregon from an expanded economy and improved quality of life. The benefits created by UCC even extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by UCC on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:



Economic impact analysis



Investment analysis

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2018-19. Impacts on the Douglas County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Oregon are reported under the investment analysis.

UCC influences both the
lives of its students *and the*
county economy.



Economic impact analysis

UCC promotes economic growth in Douglas County through its direct expenditures and the resulting expenditures of students and county businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. The college’s activities attract students from outside Douglas County, whose expenditures benefit county vendors. In addition, UCC is a primary source of higher education to Douglas County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

Operations spending impact



UCC adds economic value to Douglas County as an employer of county residents and a large-scale buyer of goods and services. In FY 2018-19, the college employed 376 full-time and part-time faculty and staff, 96% of whom lived in Douglas County. Total payroll at UCC was \$20.2 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$9.7 million on day-to-day expenses related to facilities, supplies, and professional services.

UCC’s day-to-day operations spending added \$25.3 million in income to the county during the analysis year. This figure represents the college’s payroll, the multiplier effects generated by the in-county spending of the college and its employees, and a downward adjustment to account for funding that the college received from county sources. The \$25.3 million in added income is equivalent to supporting 436 jobs in the county.

Student spending impact



Around 6% of students attending UCC originated from outside the county in FY 2018-19, and some of these students relocated to Douglas County to attend UCC. These students may not have come to the county if the college did not exist. In addition, some in-county students, referred to as retained students, would have left Douglas County if not for the existence of UCC. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$7.4 million in added income for the county economy in FY 2018-19, which supported 161 jobs in Douglas County.

IMPACTS CREATED
BY UCC IN FY 2018-19



\$25.3 million
Operations Spending Impact



\$7.4 million
Student Spending Impact



\$166.6 million
Alumni Impact



\$199.4 million
TOTAL IMPACT

- OR -

3,263
JOBS SUPPORTED

Alumni impact



The education and training UCC provides for county residents has the greatest impact. Since its establishment, students have studied at UCC and entered the county workforce with greater knowledge and new skills. Today, thousands of former UCC students are employed in Douglas County. As a result of their UCC educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, UCC alumni generated \$166.6 million in added income for the county economy, which is equivalent to supporting 2,666 jobs.

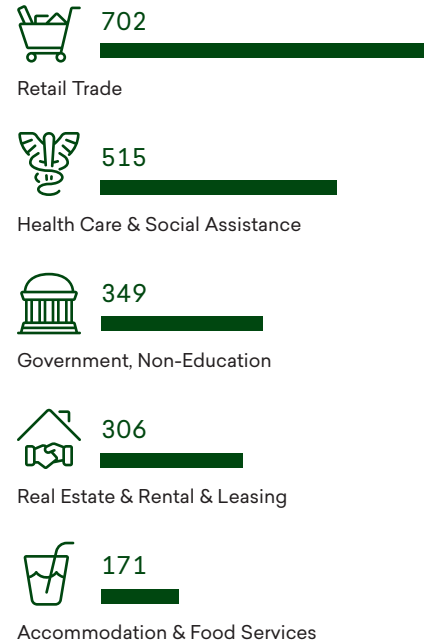
Total impact

UCC added \$199.4 million in income to the Douglas County economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the \$199.4 million impact was equal to approximately 5.0% of the total gross regional product (GRP) of Douglas County. This contribution that the college provided on its own was larger than the entire Construction industry in the county.

One out of every 16 jobs in *Douglas County* is supported by the activities of UCC and its students.

UCC's total impact can also be expressed in terms of jobs supported. The \$199.4 million impact supported 3,263 county jobs, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 16 jobs in Douglas County is supported by the activities of UCC and its students. In addition, the \$199.4 million, or 3,263 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, UCC's spending and alumni in the Retail Trade industry sector supported 702 jobs in FY 2018-19. These are impacts that would not have been generated without the college's presence in Douglas County.

UCC IMPACTS BY INDUSTRY (JOBS SUPPORTED)





Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers UCC as an investment from the perspectives of students, taxpayers, and society in Oregon.

Student perspective



In FY 2018-19, UCC served 3,672 credit and 10,062 non-credit students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by UCC's students in FY 2018-19 amounted to a present value of \$23.1 million, equal to \$7.1 million in out-of-pocket expenses (including future principal and interest on student loans) and \$16 million in forgone time and money.

In return for their investment, UCC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average UCC associate degree graduate from FY 2018-19 will see annual earnings that are \$7,100 higher than a person with a high school diploma or equivalent working in Oregon. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$284 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that UCC's FY 2018-19 students will receive over their working careers is \$96.4 million.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN UCC



20.7%

Average annual return for UCC students



9.9%

Stock market 30-year average annual return

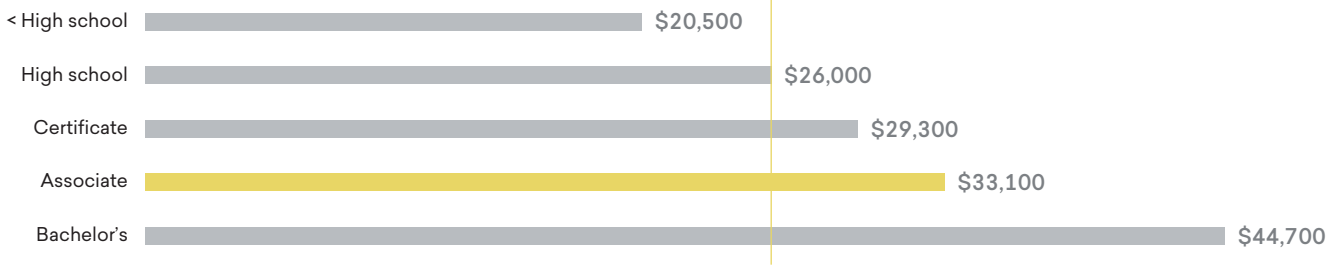


0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.

The average associate degree graduate from UCC will see an increase in earnings of **\$7,100** each year compared to a person with a high school diploma or equivalent working in Oregon.



Source: Emsi employment data.

The students' benefit-cost ratio is 4.2. In other words, for every dollar students invest in UCC, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.20 in higher future earnings. Annually, the students' investment in UCC has an average annual internal rate of return of 20.7%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

Taxpayer perspective



UCC generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As UCC students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2018-19 students' working lives, the state and local government will have collected a present value of \$31.8 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of UCC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students'

UCC educations will generate savings in three main categories: 1) healthcare, 2) crime, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and victim costs. UCC students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with a UCC education will generate \$3.1 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$34.9 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$16.9 million, equal to the amount of state and local government funding UCC received in FY 2018-19. These benefits and costs yield a benefit-cost ratio of 2.1. This means

*For every dollar of public money invested in UCC, taxpayers will receive a cumulative value of **\$2.10** over the course of the students' working lives.*



STUDENT PERSPECTIVE

\$96.4 million
Present value benefits

\$23.1 million
Present value costs

\$73.3 million
Net present value

Benefit-cost ratio	Rate of return
4.2	20.7%



TAXPAYER PERSPECTIVE

\$34.9 million
Present value benefits

\$16.9 million
Present value costs

\$18 million
Net present value

Benefit-cost ratio	Rate of return
2.1	6.9%



SOCIAL PERSPECTIVE

\$336.6 million
Present value benefits

\$48.9 million
Present value costs

\$287.7 million
Net present value

Benefit-cost ratio	Rate of return
6.9	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries of the investment are not necessarily the same as the original investors.

that for every dollar of public money invested in UCC in FY 2018-19, taxpayers will receive a cumulative value of \$2.10 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 6.9%, which compares favorably to other long-term investments in the public and private sectors.

Social perspective



Society as a whole in Oregon benefits from the presence of UCC in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to higher student earnings and increased business output, which raise economic prosperity in Oregon.

Benefits to society also consist of the savings generated by the improved lifestyles of UCC students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Savings related to crime include reduced security expenditures and insurance administration, lower victim costs, and reduced expenditures by the criminal justice system. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

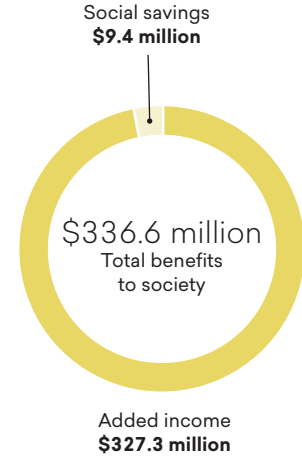
Altogether, the social benefits of UCC equal a present value of \$336.6 million. These benefits include \$327.3 million in added income through students' increased lifetime earnings and increased business output, as well as \$9.4 million in social savings related to health, crime, and income assistance in Oregon. People in Oregon invested a present value total of \$48.9 million in UCC in FY 2018-19. The cost includes all the college and student costs.

The benefit-cost ratio for society is 6.9, equal to the \$336.6 million in benefits divided by the \$48.9 million in costs. In other words, for every dollar invested in UCC, people in Oregon will receive a cumulative value of \$6.90 in benefits. The benefits of this investment will occur for as long as UCC's FY 2018-19 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that UCC is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in a UCC education. At the same time, taxpayers' investment in UCC returns more to government budgets than it costs and creates a wide range of social benefits throughout Oregon.

SOCIAL BENEFITS IN OREGON FROM UCC



Conclusion

The results of this study demonstrate that UCC creates value from multiple perspectives. The college benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. UCC enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, UCC benefits society as a whole in Oregon by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2018-19 academic and financial reports from UCC, 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 economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.

The results of this study demonstrate that UCC creates value from
multiple perspectives.



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