



# The Economic Value of Southwestern Oregon Community College

## FACT SHEET

**S**OUTHWESTERN Oregon Community College (Southwestern) 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) 2018-19.



### Economic impact analysis

In FY 2018-19, Southwestern added **\$104.3 million** in income to the Southwestern Service District\* economy, a value approximately equal to **3.3%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Southwestern's impact supported **1,979 jobs**. For perspective, the activities of Southwestern and its students support **one out of every 23 jobs** in the Southwestern Service District.

#### OPERATIONS SPENDING IMPACT

- Southwestern employed 427 full-time and part-time faculty and staff. Payroll amounted to \$19 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$21.4 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$20.8 million** in income to the regional economy in FY 2018-19.

#### CONSTRUCTION SPENDING IMPACT

- Southwestern invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy. In March 2018, Southwestern broke ground on a \$24 million Health and Science Technology building that will be completed in the year 2020. In addition during FY 2019-20, the college is investing \$11 million in energy conservation and infrastructure upgrades, along with \$1.5 million in athletic facility upgrades. The \$36 million in spending will ripple through the regional economy, adding jobs and income. While a majority of these impacts are not included in this study because they occur outside the timeframe, it is recognized that they will create a significant impact in subsequent years.
- The net impact of Southwestern's construction spending in FY 2018-19 was **\$1.1 million** in added income for the Southwestern Service District.

IMPACTS CREATED BY  
SOUTHWESTERN IN FY 2018-19



**\$20.8 million**  
Operations Spending Impact



**\$1.1 million**  
Construction Spending Impact



**\$3.1 million**  
Student Spending Impact



**\$79.4 million**  
Alumni Impact



**\$104.3 million**  
TOTAL IMPACT

- OR -

**1,979**  
JOBS SUPPORTED

\* For the purposes of this analysis, the Southwestern Service District is comprised of Coos and Curry Counties along with the following cities in Douglas County: Winchester Bay, Reedsport, and Gardiner.



## STUDENT SPENDING IMPACT

- Around 15% of students attending Southwestern originated from outside the region. Some of these students relocated to the Southwestern Service District. In addition, some in-region students, referred to as retained students, would have left the Southwestern Service District for other educational opportunities if not for Southwestern. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2018-19 added **\$3.1 million** in income to the Southwestern Service District economy.

## ALUMNI IMPACT

- Over the years, students have studied at Southwestern and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Southwestern Service District.
- The net impact of Southwestern's former students currently employed in the regional workforce amounted to **\$79.4 million** in added income in FY 2018-19.

## Investment analysis

### STUDENT PERSPECTIVE

- Southwestern's FY 2018-19 students paid a present value of **\$5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$3.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$47.9 million** in increased earnings over their working lives. This translates to a return of **\$5.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **26.4%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided Southwestern with **\$17.9 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$14.1 million**. A reduced demand for government-funded services in Oregon will add another **\$1.5 million** in benefits to taxpayers. Total benefits to Oregon taxpayers amount to **\$15.6 million**.

### SOCIAL PERSPECTIVE

- In FY 2018-19, Oregon invested **\$51.2 million** to support Southwestern. In turn, the Oregon economy will grow by **\$144.2 million**, over the course of students' working lives. Society will also benefit from **\$4.2 million** of public and private sector savings.
- For every dollar invested in Southwestern in FY 2018-19, people in Oregon will receive **\$2.90** in return, for as long as Southwestern's FY 2018-19 students remain active in the state workforce.

## STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN SOUTHWESTERN



26.4%

Average annual return for Southwestern 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.



**FOR EVERY \$1...**



Students gain

**\$5.40**

in lifetime earnings



Society gains

**\$2.90**

in added income and social savings



Taxpayers gain

**\$15.6 million**

in added tax revenues and public sector savings

