

# FACT SHEET

The Economic Value of Ozarks Technical Community College | August 2017

Ozarks Technical Community College (OTC) 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.

## IMPACTS CREATED BY OTC IN FY 2015-16

ADDED INCOME	JOB
<b>\$63 million</b>	<b>2,383</b>
Operations spending impact	
<b>\$1.9 million</b>	<b>46</b>
Construction spending impact	
<b>\$17.1 million</b>	<b>367</b>
Student spending impact	
<b>\$152 million</b>	<b>2,782</b>
Alumni impact	
<b>\$234 million</b>	<b>5,579</b>
Total impact	

## IMPACT ON BUSINESS COMMUNITY

During the analysis year, OTC and its students added **\$234 million** in income to the OTC Service Area economy, approximately equal to **1.0%** of the region’s total gross regional product (GRP). By comparison, this impact from the college is nearly as large as the entire Arts, Entertainment, & Recreation industry. The economic impacts of OTC break down as follows:

### Operations spending impact

- OTC employed 2,021 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$47 million**, much of which was spent in the OTC Service Area to purchase groceries, clothing, and other household goods and services. The college spent another **\$35.5 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the OTC Service Area during the analysis year was approximately **\$63 million** in income.

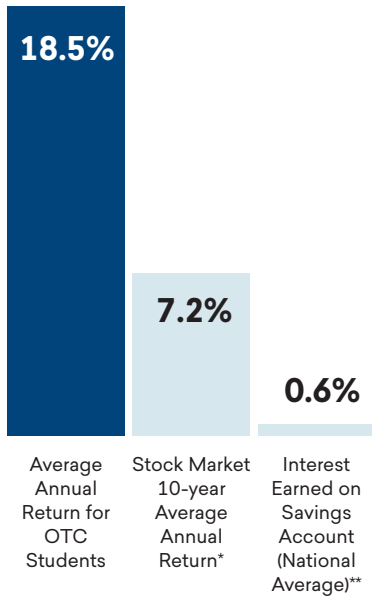
### Construction spending impact

- OTC commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of OTC’s construction spending in FY 2015-16 was **\$1.9 million** in added income for the OTC Service Area.

### Student spending impact

- Around **16%** of students attending OTC originated from outside the region. Some of these students relocated to the OTC Service Area. In addition, a

## STUDENT RATE OF RETURN



\* Forbes' S&P 500, 1994-2014.  
 \*\* FDIC.gov 12-2016.



number of students would have left the region if not for OTC. These relocated and retained students spent money on groceries, transportation, rent, and so on at region businesses.

- The expenditures of relocated and retained students during the analysis year added approximately **\$17.1 million** in income to the OTC Service Area economy.

### Alumni impact

- Over the years, students have studied at OTC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the OTC Service Area.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$152 million** in added income during the analysis year.

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

### Student perspective

- Students invest their own money and time in their education to pay for tuition, books, and supplies. Many take out student loans to attend the college, which they pay back over time. While some students were employed while attending the college, students will overall forego earnings that they would have generated had they been in full employment instead of learning. Summing these costs yields a total of \$67.9 million in student costs.
- In return for the monies invested in the college, students will receive a present value of **\$357 million** in increased earnings over their working lives. This translates to a return of **\$5.30** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **18.5%**.

### Local taxpayer perspective

- In the analysis year, local taxpayers paid \$10.1 million to support OTC. The net present value of the increased tax revenue stemming from the students' higher lifetime earnings, increased output of businesses, and students' improved lifestyles amounts to \$46.9 million.
- Comparing these benefits to local taxpayers and their associated costs yields a benefit-cost ratio of 4.7. In other words, for every \$1 local taxpayers invest in OTC, they receive \$4.70 in benefits. The average annual return on investment for local taxpayers is 13.4%.

### State and local taxpayer perspective

- In FY 2015-16, state and local taxpayers in Missouri paid **\$26.6 million** to support the operations of OTC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output

For every **\$1** spent by...

**STUDENTS**

**\$5.30**

Gained in lifetime earnings for STUDENTS

**LOCAL TAXPAYERS**

**\$4.70**

Gained in added taxes and public sector savings for LOCAL TAXPAYERS

**STATE & LOCAL TAXPAYERS**

**\$6.50**

Gained in added taxes and public sector savings for STATE & LOCAL TAXPAYERS

**SOCIETY**

**\$12.50**

Gained in added state revenue and social savings for SOCIETY

of businesses amounts to **\$161.1 million** in benefits to taxpayers. Savings to the public sector add another **\$11.2 million** in benefits due to a reduced demand for government-funded services.

- Dividing benefits to taxpayers by the associated costs yields a **6.5** benefit-cost ratio, i.e., every \$1 in costs returns \$6.50 in benefits. The average annual return on investment for taxpayers is **15.8%**.

**Social perspective**

- The economic base in Missouri will grow by **\$1.8 billion** over the course of the students' working lives. Society will also benefit from **\$50 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 OTC educations during the analysis year, society will receive a cumulative value of **\$12.50** in benefits, for as long as the FY 2015-16 student population at OTC remains active in the state workforce.

