

# FACT SHEET

The Economic Value of Hazard Community and Technical College | November 2017

Hazard Community and Technical College (HCTC) 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) 2015-16.

## IMPACTS CREATED BY HCTC IN FY 2015-16

| ADDED INCOME               | JOBS         |
|----------------------------|--------------|
| <b>\$18.7 million</b>      | <b>348</b>   |
| Operations spending impact |              |
| <b>\$6.6 million</b>       | <b>98</b>    |
| Student spending impact    |              |
| <b>\$51.5 million</b>      | <b>1,004</b> |
| Alumni impact              |              |
| <b>\$76.8 million</b>      | <b>1,450</b> |
| Total impact               |              |

## IMPACT ON BUSINESS COMMUNITY

During the analysis year, HCTC and its students added **\$76.8 million** in income to the Kentucky River Area Development District (KRADD)\* economy, approximately equal to **4.4%** of the region's total gross regional product (GRP). By comparison, this impact from the college is larger than the entire Finance and Insurance industry in the region. The economic impacts of HCTC break down as follows:

### Operations spending impact

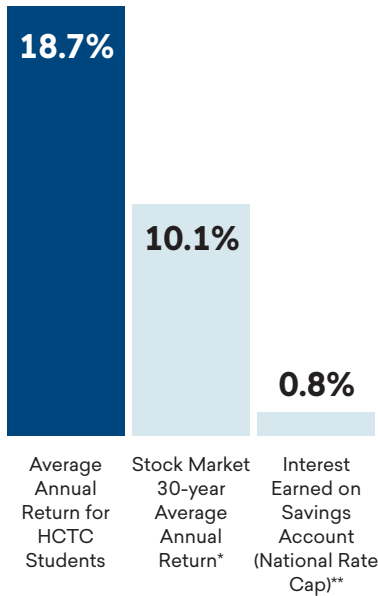
- HCTC employed 322 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$16.9 million**, much of which was spent in the KRADD to purchase groceries, clothing, and other household goods and services. The college spent another **\$12.1 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the KRADD during the analysis year was approximately **\$18.7 million** in income.

### Student spending impact

- Around 20% of students attending HCTC originated from outside the region. Some of these students relocated to the KRADD. In addition, a number of students would have left the region if not for HCTC. These relocated and retained students spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$6.6 million** in income to the KRADD economy.

\* The KRADD is comprised of Breathitt, Knott, Lee, Leslie, Owsley, Perry, and Wolfe Counties.

## STUDENT RATE OF RETURN



\* Forbes' S&P 500, 1987-2016.

\*\* FDIC.gov, 7-2017.

## Alumni impact

- Over the years, students have studied at HCTC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the KRADD.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$51.5 million** in added income during the analysis year.

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

### Student perspective

- HCTC's FY 2015-16 students paid a total present value of **\$4.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$11.2 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 **\$85.4 million** in increased earnings over their working lives. This translates to a return of **\$5.50** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **18.7%**.

### Taxpayer perspective

- In FY 2015-16, state taxpayers in Kentucky paid **\$13.6 million** to support the operations of HCTC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$29.9 million** in benefits to taxpayers. Savings to the public sector add another **\$2.5 million** in benefits due to a reduced demand for government-funded services in Kentucky.
- Dividing benefits to taxpayers by the associated costs yields a **2.4** benefit-cost ratio, i.e., every \$1 in costs returns \$2.40 in benefits. The average annual return on investment for taxpayers is **5.8%**.

### Social perspective

- The economic base in Kentucky will grow by **\$306.1 million** over the course of the students' working lives. Society will also benefit from **\$11.3 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 HCTC FY 2015-16 educations, society will receive a cumulative value of **\$7.50** in benefits, for as long as the FY 2015-16 student population at HCTC remains active in the state workforce.

