WASHINGTON’S COMMUNITY AND TECHNICAL COLLEGES (THE COLLEGES) CREATE A SIGNIFICANT POSITIVE IMPACT ON THE BUSINESS COMMUNITY AND GENERATE A RETURN ON INVESTMENT TO THEIR 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) 2014-15.

IMPACT ON THE STATE ECONOMY

During the analysis year, the colleges and their students added $20.5 billion in income to the Washington economy, approximately equal to 5.1 percent of the state’s total gross state product. By comparison, this impact from the colleges is slightly larger than the finance and insurance industry in the state. The economic impacts of the colleges break down as follows:

Operations spending impact
- The colleges employed 19,025 full-time and part-time employees in FY 2014-15. Payroll amounted to $1.1 billion, much of which was spent in Washington to purchase groceries, clothing, and other household goods and services. The colleges spent another $841.6 million to support their day-to-day operations.
- The net impact of the colleges’ payroll and expenses in Washington during the analysis year was approximately $1.2 billion in added income or 20,678 jobs.

Impact of student spending
- Around 2 percent of students attending the colleges originated from outside the state. Some of these students relocated to Washington. In addition, a number of students would have left the state if not for the colleges. These relocated and retained students spent money on groceries, transportation, housing, and other living expenses at state businesses.
- The expenditures of relocated and retained students during the analysis year added approximately $612.1 million in income or 10,575 jobs to the Washington economy.

FACT SHEET
The Economic Value of Washington’s Community and Technical Colleges | December 2016

Washington’s community and technical colleges (the colleges) create a significant positive impact on the business community and generate a return on investment to their 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) 2014-15.

THE COLLEGES’ CONTRIBUTION TO THE STATE ECONOMY IN FY 2014-15

<table>
<thead>
<tr>
<th>ADDED INCOME</th>
<th>JOBS</th>
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<tbody>
<tr>
<td>$20.5 billion</td>
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<td>Operations spending impact</td>
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<td>$1.2 billion</td>
<td>10,575</td>
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<tr>
<td>Student spending impact</td>
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<tr>
<td>$612.1 million</td>
<td>290,296</td>
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<tr>
<td>Alumni impact</td>
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Alumni impact
- Over the years, students have studied at the colleges and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Washington.
- The accumulated contribution of former students currently employed in the state workforce amounted to $18.7 billion in added income or 290,296 jobs during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective
- The colleges’ FY 2014-15 students paid a total of $551.5 million to cover the cost of tuition, fees, and supplies. They also gave up $3.2 billion in wages that they would have earned had they been working instead of learning.
- In return for the monies invested in the colleges, students will receive a combined present value of $10.7 billion in increased earnings over their working lives. This translates to a return of $2.80 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 12.8 percent.

Taxpayer perspective
- In FY 2014-15, state and local taxpayers in Washington paid $1.1 billion to support the operations of the colleges. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to $1.8 billion in benefits to taxpayers. Savings to the public sector add another $237 million in benefits due to a reduced demand for government-funded services in Washington.
- Dividing benefits to taxpayers by the associated costs yields a 1.8 benefit-cost ratio, i.e., every $1 in costs returns $1.80 in benefits. The average annual return on investment for taxpayers is 5.4%.

Social perspective
- The economic base in Washington will grow by $29.4 billion over the course of the students’ working lives. Society will also benefit from $715.7 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 educations provided by the colleges during the analysis year, society will receive a cumulative value of $5.70 in benefits, for as long as the FY 2014-15 student population at the colleges remain active in the state workforce.