

The Economic Value of Olympic College

Olympic College (OC) 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) 2019-20.



OLYMPIC SERVICE AREA, WA



ECONOMIC IMPACT ANALYSIS

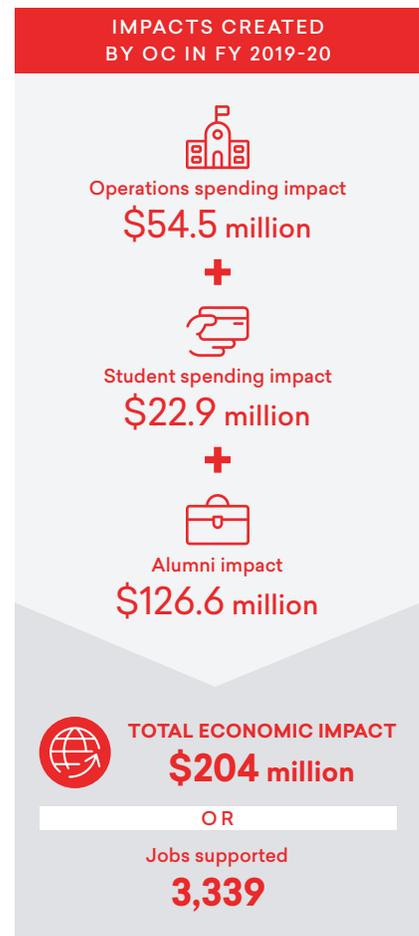
In FY 2019-20, OC added **\$204 million** in income to the Olympic Service Area^{*} economy, a value approximately equal to **1.3%** of the region's total gross regional product (GRP). Expressed in terms of jobs, OC's impact supported **3,339 jobs**. For perspective, the activities of OC and its students support **one out of every 43 jobs** in the Olympic Service Area.

OPERATIONS SPENDING IMPACT

- OC employed 782 full-time and part-time faculty and staff. Payroll amounted to \$44.6 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 \$23.3 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$54.5 million** in income to the regional economy in FY 2019-20.

STUDENT SPENDING IMPACT

- Around 21% of students attending OC originated from outside the region. Some of these students relocated to the Olympic Service Area. In addition, some in-region students, referred to as retained students, would have left the Olympic Service Area for other educational opportunities if not for OC. 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 2019-20 added **\$22.9 million** in income to the Olympic Service Area economy.



* For the purposes of this analysis, the Olympic Service Area is comprised of Kitsap and Mason Counties.

ALUMNI IMPACT

- Over the years, students have studied at OC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Olympic Service Area.
- According to Emsi Burning Glass's Alumni Outcomes data, many of the OC alumni are employed in the regional workforce in industry sectors such as Health Care & Social Assistance; Retail Trade; Government, Education; Professional & Technical Services; and Construction, with their top occupations being personal service, entertainment, and recreation managers; registered nurses; and computer user support specialists.
- The net impact of OC's former students currently employed in the regional workforce amounted to **\$126.6 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- OC's FY 2019-20 students paid a present value of **\$24.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$32.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$382.8 million** in increased earnings over their working lives. This translates to a return of **\$6.60** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **23.4%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided OC with **\$42.8 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$76.8 million**. A reduced demand for government-funded services in Washington will add another **\$7.2 million** in benefits to taxpayers.
- For every dollar of public money invested in OC, taxpayers will receive **\$2.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.6%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, Washington invested **\$107 million** to support OC. In turn, the Washington economy will grow by **\$1.2 billion**, over the course of students' working lives. Society will also benefit from **\$13 million** of public and private sector savings.
- For every dollar invested in OC in FY 2019-20, people in Washington will receive **\$11.10** in return, for as long as OC's FY 2019-20 students remain active in the state workforce.

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



Average annual return for OC students

23.4%



Stock market 30-year average annual return

10.6%



Interest earned on savings account (National Rate Cap)

0.8%

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

For every \$1...



Students gain in lifetime earnings

\$6.60



Taxpayers gain in added tax revenue and public sector savings

\$2.00



Society gains in added income and social savings

\$11.10