

FACT SHEET

The Economic Value of West Kentucky Community and Technical College | November 2017

West Kentucky Community and Technical College (WKCTC) 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 WKCTC IN FY 2015-16

ADDED INCOME	JOBS
\$24.2 million	578
Operations spending impact	
\$4.6 million	149
Student spending impact	
\$112.5 million	1,930
Alumni impact	
\$141.3 million	2,657
Total impact	

IMPACT ON BUSINESS COMMUNITY

During the analysis year, WKCTC and its students added **\$141.3 million** in income to the WKCTC Service Region* economy, approximately equal to **1.5%** of the region's total gross regional product (GRP). By comparison, this impact from the college is slightly larger than the entire Mining industry in the region. The economic impacts of WKCTC break down as follows:

Operations spending impact

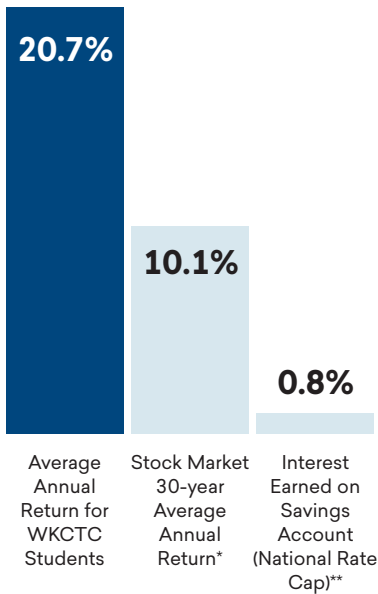
- WKCTC employed 549 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$21 million**, much of which was spent in the WKCTC Service Region to purchase groceries, clothing, and other household goods and services. The college spent another **\$14.5 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the WKCTC Service Region during the analysis year was approximately **\$24.2 million** in income.

Student spending impact

- Around 12% of students attending WKCTC originated from outside the region. Some of these students relocated to the WKCTC Service Region. In addition, a number of students would have left the region if not for WKCTC. 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

* The WKCTC Service Region consists of Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Livingston, Lyon, Marshall, and McCracken Counties in Kentucky, as well as Alexander, Massac, Pope, and Pulaski Counties in Illinois.

STUDENT RATE OF RETURN



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

** FDIC.gov, 7-2017.

added approximately **\$4.6 million** in income to the WKCTC Service Region economy.

Alumni impact

- Over the years, students have studied at WKCTC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the WKCTC Service Region.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$112.5 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- WKCTC's FY 2015-16 students paid a total present value of **\$8.5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$20.7 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 **\$193.1 million** in increased earnings over their working lives. This translates to a return of **\$6.60** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **20.7%**.

Taxpayer perspective

- In FY 2015-16, state taxpayers in Kentucky paid **\$12 million** to support the operations of WKCTC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$58.7 million** in benefits to taxpayers. Savings to the public sector add another **\$4.7 million** in benefits due to a reduced demand for government-funded services in Kentucky.
- Dividing benefits to taxpayers by the associated costs yields a **5.3** benefit-cost ratio, i.e., every \$1 in costs returns \$5.30 in benefits. The average annual return on investment for taxpayers is **11.6%**.

Social perspective

- The economic base in Kentucky will grow by **\$603 million** over the course of the students' working lives. Society will also benefit from **\$20.4 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 WKCTC FY 2015-16 educations, society will receive a cumulative value of **\$10.30** in benefits, for as long as the FY 2015-16 student population at WKCTC remains active in the state workforce.

