Executive Summary

The Economic Contribution of Hillsborough Community College
State of Florida

Economic Growth Analysis
Investment Analysis
STUDY HIGHLIGHTS

INVESTMENT ANALYSIS

- For every dollar students invest in HCC, they receive a cumulative $5.10 in higher future income (discounted) over the course of their working careers.
- Florida benefits from improved health and reduced welfare, unemployment, and crime, saving the public some $7.6 million per year due to HCC students.
- Taxpayers see a rate of return of 10.1% on their investment in HCC.

ECONOMIC GROWTH ANALYSIS

- Hillsborough County receives approximately $79.6 million in net added income each year due to HCC operations and the spending of out-of-county students.
- The credits achieved by former HCC students have accumulated over the past thirty years, translating to $786.5 million in added county income each year due to the higher earnings of students and increased output of businesses.

HILLSBOROUGH COUNTY MAP
Executive Summary

INTRODUCTION

How do the Hillsborough County economy and the state of Florida benefit from the presence of Hillsborough Community College (HCC)?

In this study, EMSI applies a comprehensive model designed to quantify the economic benefits of community and technical colleges and translate these into common sense benefit/cost and investment terms. The study includes two major analyses:

1. **Investment Analysis**: Treats education funding as an investment, calculating all measurable returns and comparing them to costs, from the perspectives of students, taxpayers, and society as a whole.

2. **Economic Growth Analysis**: Measures added income in the county due to college operations, student spending, and the accumulated skills of past and present students still in the workforce.

The economic impact model has been field-tested to generate more than 900 studies for community, technical, and further education colleges in the US, Canada, the UK, and Australia. To see the full documentation of the study, please contact the college.

THE RESULTS

**Investment Analysis**

**Student Perspective**

Benefits of higher education are most obvious from the student perspective: students sacrifice current earnings as well as money to pay for tuition in return for a lifetime of higher income. Compared to someone with a high school diploma, associate’s degree graduates in Hillsborough County earn $12,300 more per year, on average, over the course of a working lifetime (undiscounted).

From an investment standpoint, the average HCC student enjoys a 16.1% rate of return on his or her investments of time and money. This compares favorably with returns on other investments, e.g., long-term return on stocks and bonds.

The corresponding benefit/cost ratio is 5.1, i.e., for every dollar students invest in HCC education, they receive a cumulative of $5.10 in higher future income over their working careers. This is a real return that accounts for any discounting that occurs during the students’ working life. The payback period is 9.1 years.

![Average Earnings by Education Level in Hillsborough County](chart.png)
The Economic Contribution of Hillsborough Community College

EXECUTIVE SUMMARY

**Social Perspective**
From the perspective of society as a whole, the benefits of education accrue to different publics. For example, HCC students expand the state’s tax base through their higher incomes, while the businesses that employ them also become more productive through the students’ added skills. These benefits, together with the associated ripple effects, contribute an estimated $160.4 million in taxable income to the Florida economy each year.

As they achieve higher levels of education, HCC students are also less likely to smoke or abuse alcohol, draw welfare or unemployment benefits, or commit crimes. These benefits translate into savings to the state public equal to approximately $7.6 million annually. These are avoided costs that are incidental to the operations of HCC and accrue for years into the future, for as long as students remain active in the workforce.

HCC provides a benefit/cost ratio of 32.7, i.e. every dollar of state and county tax money invested in the college today yields a cumulative of $32.70 in benefits that accrue to all Florida residents, in terms of added taxable income and avoided social costs.³

**Taxpayer Perspective**
Under the taxpayer perspective, only benefits that accrue to state and county government are counted, namely, increased tax collections and reduced government expenditures. For example, in place of increased income, the taxpayer perspective includes only the increased state and county tax receipts from those higher incomes. Similarly, in place of overall crime, welfare, unemployment and health savings, the taxpayer perspective includes only those that translate to actual reductions in state and county government expenditures.

Note here that government often undertakes activities wanted by the public, but which may be unprofitable in the marketplace. This means that positive economic returns are generally not expected from government investments. From the taxpayer perspective, therefore, even a small positive return (a benefit/cost ratio equal to or greater than 1, or a rate of return equal to or greater than the 3% discount rate used in the taxpayer investment analysis) would be a favorable outcome.

For HCC, the results indicate positive returns: a rate of return of 10.1% and a benefit/cost ratio of 3.0 (every dollar of state or county tax money invested in HCC today returns $3.00).

³In standard investment analyses it must be clear that, absent the costs, the reported benefits would disappear. This link between benefits and costs is easy to establish at the state level, but at the county level, it becomes less certain. For this reason, county-level investment analysis results are not provided in this report.

**HCC INVESTMENT ANALYSIS AT A GLANCE**

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Rate of Return</th>
<th>Benefit/Cost</th>
<th>Payback (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student perspective</td>
<td>16.1%</td>
<td>5.1</td>
<td>9.1</td>
</tr>
<tr>
<td>Social perspective</td>
<td>NA</td>
<td>32.7</td>
<td>NA</td>
</tr>
<tr>
<td>Taxpayer perspective</td>
<td>10.1%</td>
<td>3.0</td>
<td>12.7</td>
</tr>
</tbody>
</table>

To compare benefits to costs, we project benefits into the future, discount them back to the present, and weigh them against the $70.5 million that state and county taxpayers spent in FY 2008-09 to support the college. Following this procedure, it is estimated that
Economic Growth Analysis
HCC affects the county economy in three ways: (1) through its in-county purchases and wages paid to faculty and staff; (2) through the spending of students who come from outside the county; and (3) through the increase in the skill base of the county workforce. These effects break down as follows:

College Operations Effect
HCC creates income through the earnings of its faculty and staff, as well as through its own operating and capital expenditures. Adjusting for taxes and other monies withdrawn from the county economy in support of HCC, it is estimated that the Hillsborough County economy receives a net of $70.7 million in added labor and non-labor income due to HCC operations each year.

Student Spending Effect
Students from outside the county spend money for room and board, transportation, entertainment, and other miscellaneous personal expenses. These expenditures create jobs and incomes for county businesses. The off-campus spending of HCC’s out-of-county students generates approximately $8.9 million in added income in the Hillsborough County economy each year.

Student Productivity Effect
Every year students leave HCC and join or rejoin the county workforce. Their added skills translate to higher income and a more robust Hillsborough County economy. Based on HCC’s historical enrollment and credit production over the past thirty-year period, it is estimated that the accumulated contribution of HCC instruction received by former students (both completers and non-completers) annually adds some $786.5 million in income to Hillsborough County.

Total Effect
Altogether, the average annual added income due to the activities of HCC and its former students equals $866.1 million. This is approximately equal to 1.5% of the total Hillsborough County economy.

HCC Economic Growth Results at a Glance

<table>
<thead>
<tr>
<th>Added Income in Hillsborough County</th>
<th>Total Added County Income ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCC college spending effect</td>
<td>$70,661</td>
</tr>
<tr>
<td>HCC student spending effect</td>
<td>$8,934</td>
</tr>
<tr>
<td>HCC student productivity effect</td>
<td>$786,546</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$866,140</td>
</tr>
</tbody>
</table>

Conclusion
The results of this study demonstrate that HCC is a sound investment from multiple perspectives. The college enriches the lives of students and increases their lifetime incomes. It benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing the demand for taxpayer-supported social services. Finally, it contributes to the vitality of both the county and state economies.
ABOUT THE STUDY

This report summarizes the results from “The Economic Contributions of Hillsborough Community College” detailing the role that the college plays in promoting economic development, enhancing students’ careers, and improving quality of life. Data sources include, but are not limited to, 2008-09 academic and financial reports from the college, industry and employment data from the U.S. Bureau of Labor Statistics, earnings and demographic data from the U.S. Census Bureau, and a variety of studies and surveys relating education to social behavior.

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