



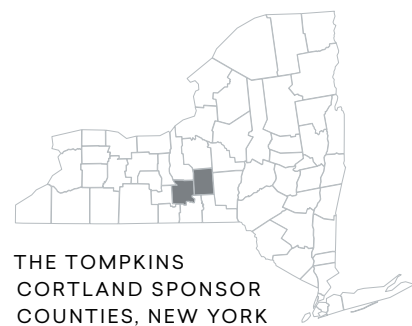
The Economic Value of Tompkins Cortland Community College



TOMPKINS CORTLAND COMMUNITY COLLEGE (Tompkins Cortland) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the region, generating new dollars and opportunities for the Tompkins Cortland Sponsor Counties.* Tompkins Cortland provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Tompkins Cortland is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Tompkins Cortland influences both the lives of its students and the regional economy. The college supports a variety of industries in the Tompkins Cortland Sponsor Counties, serves regional businesses, and benefits society as a whole in New York from an expanded economy and improved quality of life. The benefits created by Tompkins Cortland even extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Tompkins Cortland on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:



Tompkins Cortland influences both the **lives of its students** and the **regional economy**.



Economic impact analysis



Investment analysis

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2018-19. Impacts on the Tompkins Cortland Sponsor Counties economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in New York are reported under the investment analysis.

* For the purposes of this analysis, the Tompkins Cortland Sponsor Counties is comprised of Tompkins and Cortland Counties.

ECONOMIC IMPACT ANALYSIS



Tompkins Cortland promotes economic growth in the Tompkins Cortland Sponsor Counties through its direct expenditures and the resulting expenditures of students and regional businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. The college's activities attract students from outside the Tompkins Cortland Sponsor Counties, whose expenditures benefit regional vendors. In addition, Tompkins Cortland is a primary source of higher education to the Tompkins Cortland Sponsor Counties residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact



Tompkins Cortland adds economic value to the Tompkins Cortland Sponsor Counties as an employer of regional residents and a large-scale buyer of goods and services. In FY 2018-19, the college employed 454 full-time and part-time faculty and staff, 68% of whom lived in the Tompkins Cortland Sponsor Counties. Total payroll at Tompkins Cortland was \$28.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$18.9 million on day-to-day expenses related to facilities, supplies, and professional services.

Tompkins Cortland's day-to-day operations spending added \$35.3 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$35.3 million in added income is equivalent to supporting 528 jobs in the region.

Student spending impact



Around 54% of credit students attending Tompkins Cortland originated from outside the region in FY 2018-19, and some of these students relocated to the Tompkins Cortland Sponsor Counties to attend Tompkins Cortland. These students may not have come to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left the Tompkins Cortland Sponsor Counties if not for the existence of Tompkins Cortland. While attending the college, these relocated and retained students spent money on groceries, accommodation,

IMPACTS CREATED BY TOMPKINS CORTLAND IN FY 2018-19



Operations spending impact

\$35.3 million



Student spending impact

\$31.8 million



Alumni impact

\$21.4 million



TOTAL ECONOMIC IMPACT

\$88.6 million

OR

Jobs supported

1,405

transportation, and other household expenses. This spending generated \$31.8 million in added income for the regional economy in FY 2018-19, which supported 573 jobs in the Tompkins Cortland Sponsor Counties.

Alumni impact



Since its establishment, students have studied at Tompkins Cortland and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Tompkins Cortland students are employed in the Tompkins Cortland Sponsor Counties. As a result of their Tompkins Cortland educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, Tompkins Cortland alumni generated \$21.4 million in added income for the regional economy, which is equivalent to supporting 304 jobs.

Total impact

Tompkins Cortland added \$88.6 million in income to the Tompkins Cortland Sponsor Counties economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the \$88.6 million impact was equal to approximately 1.1% of the total gross regional product (GRP) of the Tompkins Cortland Sponsor Counties. This contribution that the college provided on its own is larger than the Arts, Entertainment, & Recreation industry in the region.

Tompkins Cortland's total impact can also be expressed in terms of jobs supported. The \$88.6 million impact supported 1,405 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 65 jobs in the Tompkins Cortland Sponsor Counties is supported by the activities of Tompkins Cortland and its students. In addition, the \$88.6 million, or 1,405 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Tompkins Cortland's spending and alumni in the Accommodation & Food Services industry sector supported 411 jobs in FY 2018-19. These are impacts that would not have been generated without the college's presence in the Tompkins Cortland Sponsor Counties.

TOMPKINS CORTLAND IMPACTS BY INDUSTRY (JOBS SUPPORTED)



One out of every 65 jobs in the Tompkins Cortland Sponsor Counties is supported by the activities of Tompkins Cortland and its students.



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers Tompkins Cortland as an investment from the perspectives of students, taxpayers, and society in New York.

Student perspective



In FY 2018-19, Tompkins Cortland served 8,779 credit and 1,377 non-credit students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Tompkins Cortland's students in FY 2018-19 amounted to a present value of \$23.2 million, equal to \$13.2 million in out-of-pocket expenses (including future principal and interest on student loans) and \$10 million in forgone time and money.

In return for their investment, Tompkins Cortland's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Tompkins Cortland associate degree graduate from FY 2018-19 will see annual earnings that are \$8,000 higher than a person with a high school diploma or equivalent working in New York. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$376 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that Tompkins Cortland's FY 2018-19 students will receive over their working careers is \$114.6 million.

The students' benefit-cost ratio is 4.9. In other words, for every dollar students invest in Tompkins Cortland, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.90 in higher future

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN TOMPKINS CORTLAND



Average annual return for Tompkins Cortland students
18.6%



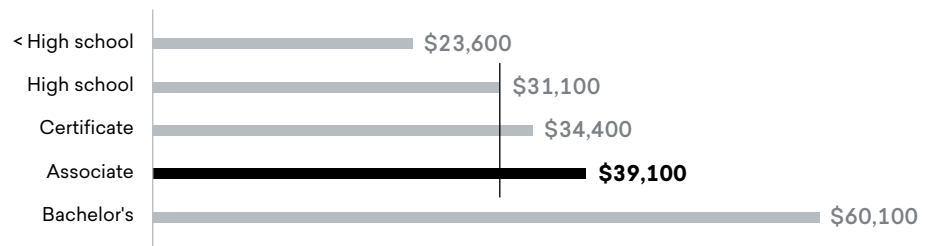
Stock market 30-year average annual return
9.9%



Interest earned on savings account (National Rate Cap)
0.8%

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.

The average associate degree graduate from Tompkins Cortland will see an increase in earnings of **\$8,000** each year compared to a person with a high school diploma or equivalent working in New York. The average certificate graduate will see an increase in earnings of **\$3,300** each year. This demonstrates the long-term benefits that students experience by investing in an education at Tompkins Cortland.



Source: Emsi Burning Glass employment data.

earnings. Annually, the students' investment in Tompkins Cortland has an average annual internal rate of return of 18.6%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

Taxpayer perspective



Tompkins Cortland generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As Tompkins Cortland students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2018-19 students' working lives, the state and local government will have collected a present value of \$36.3 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Tompkins Cortland students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Tompkins Cortland educations will generate savings in three main categories: 1) healthcare, 2) crime, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and victim costs. Tompkins Cortland students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with a Tompkins Cortland education will generate \$5.6 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$41.9 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$24.4 million, equal to the amount of state and local government funding Tompkins Cortland received in FY 2018-19. These benefits and costs yield a benefit-cost ratio of 1.7. This means that for every dollar of public money invested in Tompkins Cortland in FY 2018-19, taxpayers will receive a cumulative value of \$1.70 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 4.5%, which compares favorably to other long-term investments in the public and private sectors.

Social perspective



Society as a whole in New York benefits from the presence of Tompkins Cortland in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in New York.

Benefits to society also consist of the savings generated by the improved lifestyles of Tompkins Cortland students. As discussed in the previous section, education

For every dollar of public money invested in Tompkins Cortland, taxpayers will receive a cumulative value of **\$1.70** over the course of the students' working lives.

is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Savings related to crime include reduced security expenditures and insurance administration, lower victim costs, and reduced expenditures by the criminal justice system. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

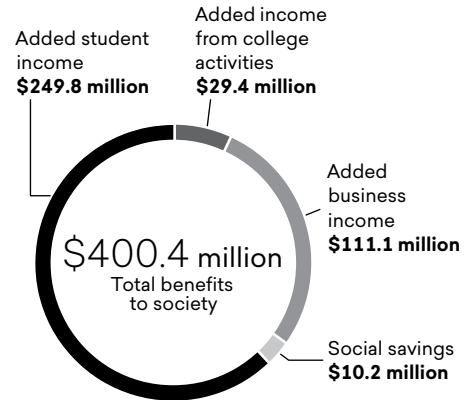
Altogether, the social benefits of Tompkins Cortland equal a present value of \$400.4 million. These benefits include \$249.8 million in added student income, \$111.1 million in added business income, \$29.4 million in added income from college activities, as well as \$10.2 million in social savings related to health, crime, and income assistance in New York. People in New York invested a present value total of \$61.6 million in Tompkins Cortland in FY 2018-19. The cost includes all the college and student costs.

The benefit-cost ratio for society is 6.5, equal to the \$400.4 million in benefits divided by the \$61.6 million in costs. In other words, for every dollar invested in Tompkins Cortland, people in New York will receive a cumulative value of \$6.50 in benefits. The benefits of this investment will occur for as long as Tompkins Cortland's FY 2018-19 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that Tompkins Cortland is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in a Tompkins Cortland education. At the same time, taxpayers' investment in Tompkins Cortland returns more to government budgets than it costs and creates a wide range of social benefits throughout New York.

SOCIAL BENEFITS IN NEW YORK FROM TOMPKINS CORTLAND



Source: Emsi Burning Glass impact model.



STUDENT PERSPECTIVE

Present value benefits
\$114.6 million

Present value costs
\$23.2 million

Net present value
\$91.4 million



TAXPAYER PERSPECTIVE

Present value benefits
\$41.9 million

Present value costs
\$24.4 million

Net present value
\$17.5 million



SOCIAL PERSPECTIVE

Present value benefits
\$400.4 million

Present value costs
\$61.6 million

Net present value
\$338.9 million

Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
4.9	18.6%	1.7	4.5%	6.5	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries of the investment are not necessarily the same as the original investors.

CONCLUSION

The results of this study demonstrate that Tompkins Cortland creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Tompkins Cortland enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Tompkins Cortland benefits society as a whole in New York by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2018-19 academic and financial reports from Tompkins Cortland, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Emsi Burning Glass' Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.

The results of this study demonstrate that Tompkins Cortland creates value from **multiple perspectives.**



Emsi Burning Glass provides colleges and universities with labor market data that helps create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Emsi Burning Glass to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit economicmodeling.com/higher-education to learn more or connect with us.