

THE ECONOMIC VALUE

Of the HACC Lebanon Campus

SEPTEMBER 2015

The HACC Lebanon Campus (HACC Lebanon) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, society, and taxpayers. 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) 2013-14.

INCOME CREATED BY HACC LEBANON IN FY 2013-14 (ADDED INCOME)

\$5.2 MILLION

Operations spending impact

\$266 THOUSAND

Impact of student spending

\$19.5 MILLION

Alumni impact

\$25 MILLION

Total impact

IMPACT ON BUSINESS COMMUNITY

During the analysis year, HACC Lebanon and its students added **\$25 MILLION** in income to the Lebanon County economy, approximately equal to **0.5%** of the Gross Regional Product. The economic impacts of HACC Lebanon break down as follows:

Operations spending impact

- HACC Lebanon employed 87 full-time and part-time employees in FY 2013-14. Payroll amounted to **\$4.7 MILLION**, much of which was spent in Lebanon County to purchase groceries, clothing, and other household goods and services. The college spent another **\$4 MILLION** to support its day-to-day operations.
- The net impact of college payroll and expenses in Lebanon County during the analysis year was approximately **\$5.2 MILLION** in added income.

Impact of student spending

- Around 20% of students attending HACC Lebanon originated from outside the region. Some of these students relocated to Lebanon County and spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of students who relocated to the region during the analysis year added approximately **\$266 THOUSAND** in income to the economy.

Alumni impact

- Over the years, students have studied at HACC Lebanon and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Lebanon County.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$19.5 MILLION** in added income during the analysis year.

JOBS BASED ON INCOME

These jobs represent full- and part-time jobs that would not have occurred in the region without the college. They are calculated by jobs to sales ratios specific to each industry. Based on the added income created by HACC Lebanon, the jobs are as follows:

Operations spending impact = **94** jobs

Impact of student spending = **5** jobs

Alumni impact = **376** jobs

Overall, the added income created by HACC Lebanon and its students supported **475** jobs.

FOR EVERY \$1 SPENT BY...

STUDENTS	\$2.70 Gained in lifetime income for STUDENTS
SOCIETY	\$7.80 Gained in added state income and social savings for SOCIETY
TAXPAYERS	\$8.60 Gained in added taxes and public sector savings for TAXPAYERS



RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- HACC Lebanon's 2013-14 students paid a total of **\$4.4 MILLION** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$8.4 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 **\$34.1 MILLION** in increased earnings over their working lives. This translates to a return of **\$2.70** in higher future income for every \$1 that students invest in their education. The average annual return for students is **11.5%**.

Social perspective

- Society as a whole in Pennsylvania will receive a present value of **\$138 MILLION** in added state income over the course of the students' working lives. Society will also benefit from **\$4.2 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 HACC Lebanon educations during the analysis year, society will receive a cumulative value of **\$7.80** in benefits, for as long as the 2013-14 student population at HACC Lebanon remains active in the state workforce.

Taxpayer perspective

- In FY 2013-14, state and local taxpayers in Pennsylvania paid **\$1.4 MILLION** to support the operations of HACC Lebanon. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$11 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$966,309** in benefits due to a reduced demand for government-funded services in Pennsylvania.
- Dividing benefits to taxpayers by the associated costs yields a **8.6** benefit-cost ratio, i.e., every \$1 in costs returns \$8.60 in benefits. The average annual return on investment for taxpayers is **27.6%**.