

The economic impact of Saint Paul College

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Executive summary

Saint Paul College generates an annual economic impact of \$256 million from its operations in the Twin Cities. Based on the Twin Cities metro economy of \$190.7 billion, this means that for every \$1,000 produced in the Twin Cities metro area, \$13 are directly or indirectly related to Saint Paul College. The direct impact of Saint Paul College in 2011 was \$150 million, while the indirect impact in other industries was \$106 million.

Similarly, during 2011 the college and its students generated an estimated 2,471 jobs in the Twin Cities. These jobs included an estimated 1,738 direct jobs, and 733 additional indirect jobs, created by vendors, contractors, and businesses supplying inputs to the college and its students.

Additionally, by educating its students, Saint Paul College enhances the productivity of both public and private organizations in Minnesota. Only considering the 418 associate degrees awarded by Saint Paul College in 2011, this is equivalent to \$39.1 million of future value created in the state.

Introduction

With a 520,000 square foot campus on 30-acres in Saint Paul, Saint Paul College offers 44 associate degree programs, including Associate in Arts degrees, and 71 career certificate and diploma programs. For over 100 years, Saint Paul College has been helping students succeed in their careers. The college was recognized as the number one community college in the nation in 2010 by *Washington Monthly* magazine.

Saint Paul College is one of the most diverse schools in Minnesota. Each year more than 9,000 students take credits at the college; more than half of them are women, and 58 percent are minority students. The college has 498 employees; 124 of them are full-time faculty members. In 2011 the college awarded 418 associate degrees and 686 diplomas and certificates. During the same year, the college had operational expenses of \$47.3 million.

Saint Paul College is one of the 31 institutions in the Minnesota State Colleges and Universities (MnSCU) system; the largest single provider of higher education in the state of Minnesota. The colleges and universities operate 54 campuses in 47 Minnesota communities, serving 430,000 students in credit and non-credit courses, with about 34,700 graduates each year.

This report estimates the economic impact of Saint Paul College on the Twin Cities metro area. Through its daily activities, Saint Paul College generates economic value for the Twin Cities in several ways. First, spending by the college and its students directly impacts the personal income, employment, and tax revenues of the state. Secondly, these expenditures generate an indirect effect; all Saint Paul College activities induce other organizations and businesses to spend more, creating what is known as a “multiplier effect.” Finally, by educating its students, the college enhances the productivity of both public and private organizations in Minnesota.

Data used in the analysis include:

- Saint Paul College operational expenditures, salaries, and benefits from Saint Paul College 2011 financial statements
- Capital expenditures from the state's bond projects that financed investments for Saint Paul College from 2010 to 2012, from the Minnesota Management & Budget office¹
- Estimates of Saint Paul College students' spending. A survey of 180 Saint Paul College students and their spending patterns. We used the data in the IMPLAN model to estimate the direct and indirect effect of this spending for a given year.²

¹ Minnesota Management and Budget (2012). Bond's Proceeds Report. Retrieve at <http://www.mmb.state.mn.us/doc/bonds/proceeds/mnscu-bonds-fund-4020-FY10.pdf>

² The method used in the calculations of these impacts is the Input-Output model developed by IMPLAN. This method measures the direct impact of an organization's spending in a particular region (a country, state or county) by estimating the inputs used by the organization and the multiplier effects in other industries in the region. For purposes of this study, college's expenditures and its indirect effects come from its operational activities, its capital investments, and its students' spending.

Saint Paul College impact on the Twin Cities metro area

Regional profile

During 2011, the seven-county metro area had 2.8 million residents (54 percent of the state's population), with 2 million employees and a gross regional product of \$190.7 billion (66 percent of the state's total regional product). The main industries in the region, by employment levels, were food services and drinking places, education, and government.

1. Twin Cities regional profile 2011

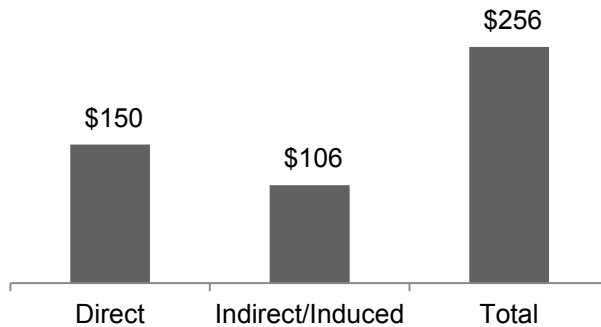
Population	2,884,747
Total employment	2,031,089
Gross regional product	\$190.7 billion
Average household income	\$127,779
Per capita gross regional product	\$66,103

Counties in the region: Anoka, Ramsey, Hennepin, Washington, Dakota, Carver, and Scott

Economic impact of Saint Paul College on the seven-county metro area

The annual economic impact of the Saint Paul College in the metro area reaches \$256 million (Figure 2). Based on the Twin Cities metro economy of \$190.7 billion, this means that for every \$1,000 produced in the Twin Cities, \$13 are directly or indirectly related to Saint Paul College. The sources of these direct and indirect impacts are the institution's operations (\$80 million), students' expenditures (\$176 million), and Saint Paul College investments (\$18,221).

2. Economic impact of Saint Paul College in the Twin Cities (\$ millions)



Real estate is the main industry sector impacted by Saint Paul College, with \$52.4 million supported by the college. Other industries impacted by Saint Paul College are state and local government education (e.g. public universities) and food services and drinking places (e.g. restaurants, bars, etc.). Figure 3 below shows the top ten industries affected by Saint Paul College in 2011.

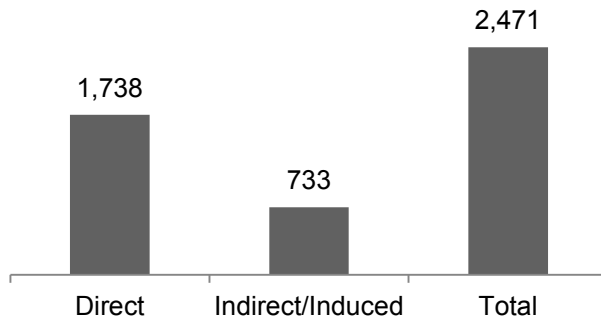
3. Top ten industries impacted by Saint Paul College (\$ millions)

Real estate establishments	52.4
State and local government education	40.5
Food services and drinking places	23.6
Child day care services	12.9
Telecommunications	8.5
Imputed rental activity for owner-occupied dwellings	7.1
Medical and diagnostic labs and outpatient and other ambulatory care services	6.2
Wholesale trade businesses	5.6
Personal and household goods repair and maintenance	5.2
Retail Stores - Food and beverage	3.9

Impact on jobs

During 2011, Saint Paul College generated an estimated 2,471 jobs in the Twin Cities. These jobs include 1,738 direct jobs generated by the college and its students, and 733 additional indirect jobs, created by vendors, contractors, and businesses supplying inputs to the college and its students (Figure 4).

4. Impact on employment of Saint Paul College in the Twin Cities metro (jobs)



The sources of these direct and indirect impacts are the institution's operations (836 jobs), and students' expenditures (1,635 jobs). A total of 593 jobs are created directly by the college's operational activities (Figure 5).

5. Impact on employment of Saint Paul College in the by source (jobs)

	Direct	Indirect	Total
Operational expenditures	593	243	836
Students' spending	1,145	490	1,635
Investments	0	0	0
Total	1,738	733	2,471

The same three industries mentioned before are also the most impacted by the college in its employment, directly or indirectly (Figure 6).

6. Top ten industries impacted by employment in 2011 (jobs)

State and local government education	553
Food services and drinking places	406
Real estate establishments	304
Child day care services	290
Retail Stores - Food and beverage	70
Retail Stores - Clothing and clothing accessories	61
Personal and household goods repair and maintenance	46
Medical and diagnostic labs and outpatient and other ambulatory care services	42
Employment services	39
Retail Stores - General merchandise	29

Impact on taxes

Saint Paul College generates about \$15 million in tax revenues for state and local governments each year. Through its operational activities and its employees' and students' spending, Saint Paul College supports the activities of the seven-county metro area by paying sales, property, and income taxes. Similarly, Saint Paul College and its employees' social insurance contributions add to the state tax revenues. Since Saint Paul College's operational activities and spending create demand for other businesses and industry sectors, additional tax revenues come from businesses that serve the college. These taxes include sales, income, and property taxes, along with others, such as corporate taxes.

Benefits beyond operations: enhanced productivity

By educating its students, Saint Paul College enhances the productivity of both public and private organizations in Minnesota. Its alumni provide the skills and knowledge needed to improve the functioning of many organizations in the state.

Since performing a direct measurement of the contribution of graduates to Minnesota businesses and governments is not feasible, we estimate the additional earnings of graduates as a result of their training. This measure of additional earnings is equivalent to estimating the increase in productivity due to students' education; the students are able to earn more as they better fit the needs of businesses and government.

Only considering the 418 associate degrees awarded by Saint Paul College in 2011, this is equivalent to \$39.1 million of future value created in the state. Unlike previous estimations in this report, this is an additional value to the state, not just the region, since we cannot know where the students live after graduation.³

Some studies present the enhanced productivity without discounting the future income received by students (for example, the Tripp Umbach study for the University of Minnesota). If we calculate the additional future earnings in this way, the economic benefit from enhanced productivity reaches \$67.8 million.⁴

³ This estimation assumes 40 years of work life, a discount rate of 3 percent and two important parameters. The first one is that the total is adjusted by 30 percent (similar to Tripp Umbach's 2011 report for the University of Minnesota), to allow for the forgone income while attending the college or university, future periods of unemployment, time out of the labor force, and other events. The second parameter included in the estimation is that 80 percent of students stay in the state after graduation (MnSCU Amazing Facts, 2010). The economic value created by the enhanced productivity of students should consider only those students staying in the state; if they leave there is not economic impact for Minnesota in the years following their graduation.

⁴ Tripp Umbach (2011). *The Economic and Societal Impact of the University of Minnesota*.