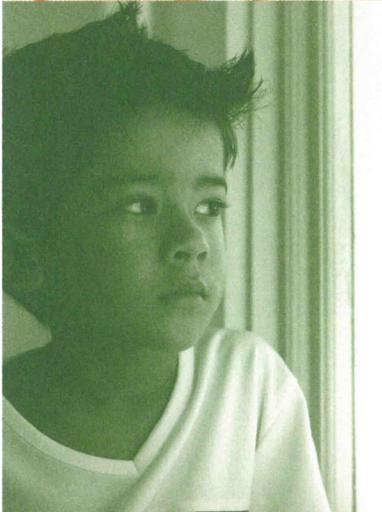


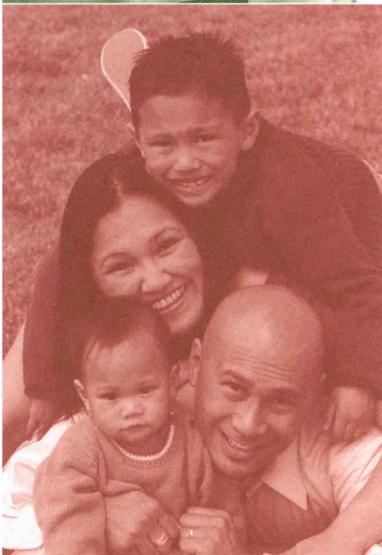
**Wilder
Research**



The economic impact of St. Cloud Technical and Community College



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Executive summary

St. Cloud Technical and Community College (SCTCC) generates an annual economic impact of \$121 million from its operations in the Central region. Based on the Central region economy of \$14.2 billion, this means that for every \$100 produced in the region, \$1 is directly or indirectly related to SCTCC. The direct impact of the college in 2011 was \$82 million, while the indirect impact in other industries was \$39 million.

Similarly, during 2011 the college and its students generated an estimated 1,482 jobs in the Central region. These jobs included an estimated 1,132 direct jobs, and 350 additional indirect jobs, created by vendors, contractors, and businesses supplying inputs to the college and its students.

Additionally, by educating its students, SCTCC enhances the productivity of both public and private organizations in Minnesota. Only considering the 644 degrees awarded by SCTCC in 2011, this is equivalent to \$24.8 million of future value created in the state.

Introduction

SCTCC is located in St Cloud, Minnesota, part of the Central economic development region. It was founded in 1948, and it is accredited by the Higher Learning Commission, North Central Association of Colleges and Schools. The college offers a variety of programs; the top programs by enrollment are Liberal arts and science, Business and Management, Accounting, and Nursing. Students can choose from five different degrees: Certificate, Diploma, Associate in Arts, Associate in Science, and Associate in Applied Science.

SCTCC serves approximately 6,000 students each year in credit-based courses; over 50% of them are full-time students. In 2011 the college awarded 644 associate degrees and 295 diploma and certificates. During the same year, the college had operational expenses of \$38 million.

SCTCC 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 SCTCC on the Central region. Through its daily activities, the college generates economic value for the region 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 SCTCC 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:

- SCTCC operational expenditures, salaries, and benefits from its 2011 financial statements
- Capital expenditures from the state's bond projects that financed investments for SCTCC during 2010 to 2012 from the Minnesota Management & Budget office¹
- Estimates of SCTCC students' spending. A survey of 81 students and their spending patterns was used in the IMPLAN model to estimate the direct and indirect effect of this spending for a given year²

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, the college's expenditures and its indirect effects come from its operational activities, its capital investments, and its students' spending.

SCTCC impact on the Central region

Regional profile

During 2011, the central region had around 400 thousand residents (close to 8 percent of the state's population), with 211 thousand employees and a gross regional product of \$14.2 billion (5 percent of the state's total regional product). The main industries in the region, by employment levels, were food services and drinking places, education, government, and wholesale trade businesses.

1. Central regional profile 2011

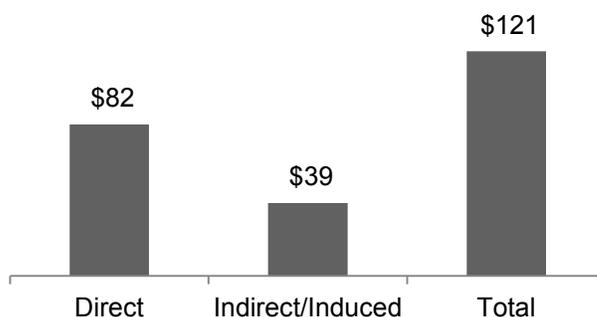
Population	405,770
Total employment	211,512
Gross regional product	\$14.2 billion
Average household income	\$93,708
Per capita gross regional product	\$35,152

Counties in the region: Benton County, Sherburne County, Stearns County, Wright County.

Economic impact of SCTCC on the Central region

The annual economic impact of the SCTCC in the Central region reaches \$121 million (Figure 2). Based on the Central region economy of \$14.2 billion, this means that for every \$100 produced in the Central region, \$1 is directly or indirectly related to SCTCC. The sources of these direct and indirect impacts are the institution's operations (\$53 million), students' expenditures (\$66 million), and investments (\$2 million).

2. Economic impact of SCTCC in the Central region in 2011 (\$ millions)



Real estate is main industry sector impacted by SCTCC, with \$31.4 million supported by the college. Other industries impacted by SCTCC 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 SCTCC in 2011.

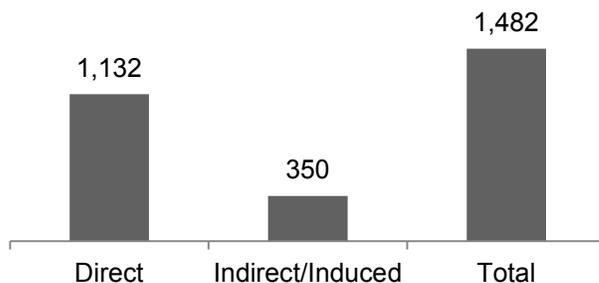
3. Top ten industries impacted by SCTCC in the Central region in 2011 (\$ millions)

Real estate establishments	31.4
State and local government education	19.1
Food services and drinking places	9.3
Child day care services	7.1
Telecommunications	6.4
Imputed rental activity for owner-occupied dwellings	4.5
Medical and diagnostic labs and outpatient and other ambulatory care services	2.6
Wholesale trade businesses	2.0
Personal and household goods repair and maintenance	1.9
Retail Stores - Food and beverage	1.6

Impact on jobs

During 2011, SCTCC generated an estimated 1,482 jobs in the Central region. These jobs include 1,132 direct jobs generated by the college and its students, and 350 additional indirect jobs, created by vendors, contractors, and businesses supplying inputs to the college and its students (Figure 4).

4. Impact on employment of SCTCC in the Central region in 2011 (jobs)



The sources of these direct and indirect impacts are the institution's operations (691 jobs), students' expenditures (769 jobs), and investments (21 jobs). A total of 524 jobs are created directly by the college's operational activities (Figure 5).

5. Impact on employment of SCTCC in the Central region by source (jobs)

	Direct	Indirect	Total
Operational expenditures	524	168	692
Students' spending	594	175	769
Investments	14	7	21
Total	1,132	350	1,482

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	495
Food services and drinking places	196
Real estate establishments	180
Child day care services	120
Retail Stores - Food and beverage	49
Retail Stores - Clothing and clothing accessories	39
Personal and household goods repair and maintenance	34
Medical and diagnostic labs and outpatient and other ambulatory care services	18
Employment services	16
Retail Stores - General merchandise	14

Impact on taxes

SCTCC generates about \$7 million in tax revenues for state and local governments each year. Through its operational activities, its employees' and students' spending, SCTCC supports the activities of the Central region by paying sales, property, and income taxes. Similarly, the college and its employees' social insurance contributions add to the state tax revenues. Since SCTCC'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, SCTCC 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 644 associate degrees awarded by SCTCC in 2011, this is equivalent to \$24.8 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 \$43 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.