

The Economic Value of Coastal Alabama Community College

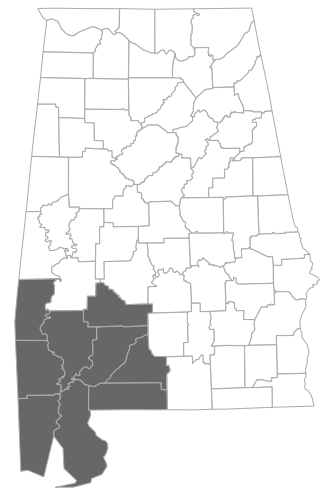


Coastal Alabama Community College (Coastal Alabama) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2023–24.

Economic impact analysis

In FY 2023–24, Coastal Alabama added **\$359.5 million** in income to the Coastal Service Area* economy, a value approximately equal to **0.9%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Coastal Alabama's impact supported **5,112 jobs**. For perspective, the activities of Coastal Alabama and its students support **one out of every 91 jobs** in the Coastal Service Area.

* For the purposes of this analysis, the Coastal Service Area is comprised of Baldwin, Choctaw, Clarke, Conecuh, Escambia, Mobile, Monroe, Washington, and Wilcox Counties.



The Coastal Service Area, Alabama

Operations spending impact

- Coastal Alabama employed 821 full-time and part-time faculty and staff. Payroll amounted to \$45.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$32.5 million on its expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$63.2 million** in income to the regional economy in FY 2023-24.

Student spending impact

- Around 8% of credit students attending Coastal Alabama originated from outside the region. Some of these students relocated to the Coastal Service Area. In addition, some in-region students, referred to as retained students, would have left the Coastal Service Area for other educational opportunities if not for Coastal Alabama. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2023-24 added **\$10.4 million** in income to the Coastal Service Area economy.

Alumni impact

- Over the years, students have studied at Coastal Alabama and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in the Coastal Service Area.
- The net impact of Coastal Alabama's former students currently employed in the regional workforce amounted to **\$285.9 million** in added income in FY 2023-24.

Impacts created by Coastal Alabama in FY 2023-24

 Operations spending impact
\$63.2 million

+

 Student spending impact
\$10.4 million

+

 Alumni impact
\$285.9 million

 Total economic impact
\$359.5 million

OR

 Jobs supported
5,112



Investment analysis

Student perspective

- Coastal Alabama's FY 2023-24 students paid a present value of **\$21.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$23.2 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$205.8 million** in increased earnings over their working lives. This translates to a return of **\$4.60** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **18.6%**.

Taxpayer perspective

- Taxpayers provided Coastal Alabama with **\$42.7 million** of funding in FY 2023-24. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$66.5 million**. A reduced demand for government-funded services in Alabama will add another **\$6.7 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$73.2 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in Coastal Alabama, taxpayers will receive **\$1.70** in return over the course of students' working lives. The average annual rate of return for taxpayers is **3.8%**.

Social perspective

- In FY 2023-24, Alabama invested **\$116.0 million** to support Coastal Alabama. In turn, the Alabama economy will grow by **\$791.1 million**, over the course of students' working lives. Society will also benefit from **\$27.0 million** of public and private sector savings.
- For every dollar invested in Coastal Alabama in FY 2023-24, people in Alabama will receive **\$7.10** in return, for as long as Coastal Alabama's FY 2023-24 students remain active in the state workforce.

Students see a high rate of return for their investment in Coastal Alabama



Average annual return for Coastal Alabama students
18.6%



Stock market 30-year average annual return
10.1%



Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1992-2022; FDIC.gov, 2-2022

