



# The Economic Value of Southwest Wisconsin Technical College

## FACT SHEET

**S**OUTHWEST Wisconsin Technical College (Southwest Tech) 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) 2017-18.



### Economic impact analysis

In FY 2017-18, Southwest Tech added **\$159.3 million** in income to the Southwest Wisconsin<sup>1</sup> economy, a value approximately equal to **3.0%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Southwest Tech's impact supported **2,996** regional jobs. For perspective, the activities of Southwest Tech and its students support **one out of every 24 jobs** in Southwest Wisconsin.

#### OPERATIONS SPENDING IMPACT

- Southwest Tech employed 488 full-time and part-time faculty and staff. Payroll amounted to \$18.8 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 \$9.7 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$20.1 million** in income to the regional economy.

#### STUDENT SPENDING IMPACT

- Around 11% of students attending Southwest Tech originated from outside the region. Some of these students relocated to Southwest Wisconsin. In addition, some in-region students would have left Southwest Wisconsin for other educational opportunities if not for Southwest Tech. These relocated and retained students spent money on groceries, mortgage and rent payments, and so on at regional businesses.
- The expenditures of relocated and retained students in FY 2017-18 added **\$3.5 million** in income to the Southwest Wisconsin economy.

<sup>1</sup> For the purposes of this study, Southwest Wisconsin is defined as Crawford, Grant, Iowa, Lafayette, and Richland Counties.

IMPACTS CREATED BY  
SOUTHWEST TECH IN FY 2017-18



**\$20.1 million**  
Operations Spending Impact



**\$3.5 million**  
Student Spending Impact



**\$135.7 million**  
Alumni Impact



**\$159.3 million**  
TOTAL IMPACT

- OR -

**2,996**  
JOBS SUPPORTED



## ALUMNI IMPACT

- Over the years, students have studied at Southwest Tech and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Southwest Wisconsin.
- The net impact of Southwest Tech's former students currently employed in the regional workforce amounted to **\$135.7 million** in added income in FY 2017-18.



## Investment analysis

### STUDENT PERSPECTIVE

- Southwest Tech's FY 2017-18 students paid a present value of **\$7.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forewent **\$15.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$102 million** in increased earnings over their working lives. This translates to a return of **\$4.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **20.1%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided Southwest Tech with **\$18.8 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$34.3 million**. A reduced demand for government-funded services in Wisconsin will add another **\$2.4 million** in benefits to taxpayers.
- For every dollar of public money invested in Southwest Tech, taxpayers will receive **\$2.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.9%**.

### SOCIAL PERSPECTIVE

- In FY 2017-18, Wisconsin invested **\$50.8 million** to fully support Southwest Tech. In turn, the Wisconsin economy will grow by **\$363.4 million**, over the course of students' working lives. Society will also benefit from **\$6.5 million** of public and private sector savings.
- For every dollar invested in Southwest Tech educations in FY 2017-18, people in Wisconsin will receive **\$7.30** in return, for as long as Southwest Tech's FY 2017-18 students remain active in the state workforce.

### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN SOUTHWEST TECH



20.1%

Average annual return for Southwest Tech students



10.1%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1987-2016. FDIC.gov, 7-2016.



### FOR EVERY \$1...



Students gain

**\$4.40**

in lifetime earnings



Taxpayers gain

**\$2.00**

in added tax revenue and public sector savings



Society gains

**\$7.30**

in added income and social savings

