

The Economic Value of Bishop State Community College



Bishop State Community College (Bishop State) 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) 2020-21.



THE BISHOP SERVICE AREA, AL

Economic impact analysis

In FY 2020-21, Bishop State added **\$190.4 million** in income to the Bishop Service Area* economy, a value approximately equal to **0.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Bishop State's impact supported **2,974 jobs**. For perspective, the activities of Bishop State and its students support **one out of every 83 jobs** in the Bishop Service Area.

Operations spending impact

- Bishop State employed 290 full-time and part-time faculty and staff. Payroll amounted to \$15.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The

* For the purposes of this analysis, the Bishop Service Area is comprised of Mobile and Washington Counties.

college spent another \$175 million on day-to-day expenses related to facilities, supplies, and professional services.

- The net impact of the college's operations spending added **\$24.3 million** in income to the regional economy in FY 2020-21.

Construction spending impact

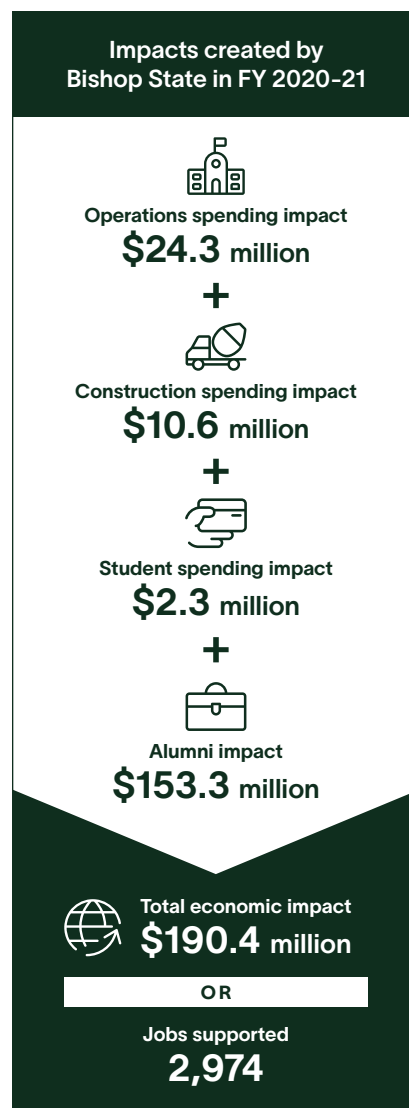
- Bishop State invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of Bishop State's construction spending in FY 2020-21 was **\$10.6 million** in added income for the Bishop Service Area.

Student spending impact

- Some in-region students, referred to as retained students, would have left the Bishop Service Area for other educational opportunities if not for Bishop State. In addition, around 8% of credit students attending Bishop State originated from outside the region. Some of these students relocated to the Bishop Service Area. 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 2020-21 added **\$2.3 million** in income to the Bishop Service Area economy.

Alumni impact

- Over the years, students have studied at Bishop State and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Bishop Service Area.
- The net impact of Bishop State's former students currently employed in the regional workforce amounted to **\$153.3 million** in added income in FY 2020-21.



Investment analysis

Student perspective

- Bishop State's FY 2020-21 students paid a present value of **\$6 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$9.7 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$114.6 million** in increased earnings over their working lives. This translates to a return of **\$7.30** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **22.4%**.

Taxpayer perspective

- Taxpayers provided Bishop State with **\$16.8 million** of funding in FY 2020-21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$36.2 million**. A reduced demand for government-funded services in Alabama will add another **\$3 million** in benefits to taxpayers.
- For every dollar of public money invested in Bishop State, taxpayers will receive **\$2.30** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.9%**.

Social perspective

- In FY 2020-21, Alabama invested **\$63 million** to support Bishop State. In turn, the Alabama economy will grow by **\$408.9 million**, over the course of students' working lives. Society will also benefit from **\$9.1 million** of public and private sector savings.
- For every dollar invested in Bishop State in FY 2020-21, people in Alabama will receive **\$6.60** in return, for as long as Bishop State's FY 2020-21 students remain active in the state workforce.

Students see a high rate of return for their investment in Bishop State



Average annual return for Bishop State students

22.4%



Stock market 30-year average annual return

10.5%



Interest earned on savings account (National Rate Cap)

0.8%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

For every \$1...



Students gain in lifetime earnings

\$7.30



Taxpayers gain in added tax revenue and public sector savings

\$2.30



Society gains in added income and social savings

\$6.60

