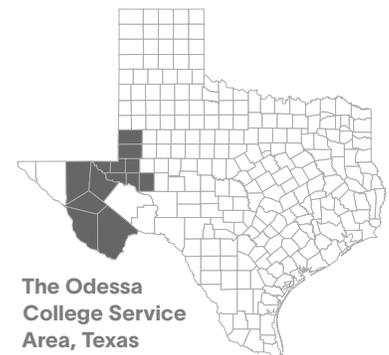


The Economic Value of Odessa College



Odessa College (OC) 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) 2022-23.



Economic impact analysis

In FY 2022-23, OC added **\$395.0 million** in income to the Odessa College Service Area* economy, a value approximately equal to **1.6%** of the region's total gross regional product (GRP). Expressed in terms of jobs, OC's impact supported **4,684 jobs**. For perspective, the activities of OC and its students support one **out of every 38 jobs** in the Odessa College Service Area.

Operations spending impact

- OC employed 887 full-time and part-time faculty and staff. Payroll amounted to \$35.8 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 \$27.6 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college's operations spending added **\$8.5 million** in income to the regional economy in FY 2022-23.

Construction spending impact

- OC invests in capital projects 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 OC's construction spending in FY 2022-23 was **\$5.9 million** in added income for the Odessa College Service Area.

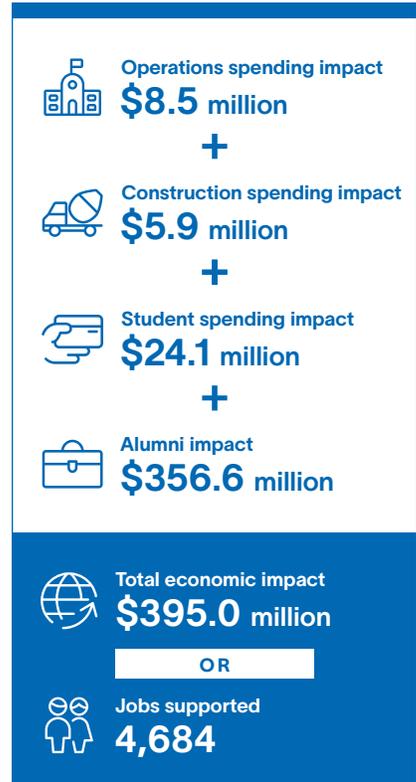
Student spending impact

- About 25% of credit students attending OC originated from outside the region. Some of these students relocated to the Odessa College Service Area. In addition, some in-region students, referred to as retained students, would have left the Odessa College Service Area for other educational opportunities if not for OC. 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 2022-23 added **\$24.1 million** in income to the Odessa College Service Area economy.

Alumni impact

- Over the years, students have studied at OC and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in the Odessa College Service Area.
- The net impact of OC's former students currently employed in the regional workforce amounted to **\$356.6 million** in added income in FY 2022-23.

Impacts created by
OC in FY 2022-23



* For the purposes of this analysis, the Odessa College Service Area is comprised of Andrews, Brewster, Crane, Culberson, Ector, Gaines, Jeff Davis, Loving, Presidio, Reeves, Upton, Ward, and Winkler Counties.

Investment analysis

Student perspective

- OC's FY 2022-23 students paid a present value of **\$16.9 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$51.5 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 **\$355.0 million** in increased earnings over their working lives. This translates to a return of **\$5.20** 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 OC with **\$46.2 million** of funding in FY 2022-23. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$105.6 million**. A reduced demand for government-funded services in Texas will add another **\$14.6 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$120.3 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in OC, taxpayers will receive **\$2.60** in return over the course of students' working lives. The average annual rate of return for taxpayers is **6.2%**.

Social perspective

- In FY 2022-23, Texas invested **\$138.1 million** to support OC. In turn, the Texas economy will grow by **\$1.7 billion**, over the course of students' working lives. Society will also benefit from **\$37.9 million** of public and private sector savings.
- For every dollar invested in OC in FY 2022-23, people in Texas will receive **\$12.30** in return, for as long as OC's FY 2022-23 students remain active in the state workforce.

Students see a high rate of return for their investment in OC



Average annual return for OC 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, 1994-2023; FDIC.gov, March 2023

For every \$1...



Students gain in lifetime earnings

\$5.20



Taxpayers gain in added tax revenue and public sector savings

\$2.60



Society gains in added income and social savings

\$12.30

