

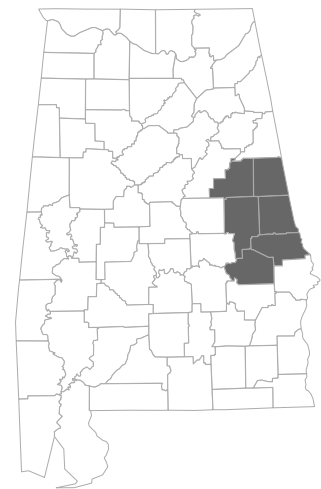
The Economic Value of Southern Union State Community College



Southern Union State Community College (Southern Union) 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, Southern Union added **\$162.6 million** in income to the SUSCC Service Area* economy, a value approximately equal to **1.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Southern Union's impact supported **2,819**



The SUSCC Service Area, Alabama

* For the purposes of this analysis, the SUSCC Service Area is comprised of Chambers, Clay, Lee, Macon, Randolph, and Tallapoosa Counties.

jobs. For perspective, the activities of Southern Union and its students support **one out of every 55 jobs** in the SUSCC Service Area.

Operations spending impact

- Southern Union employed 559 full-time and part-time faculty and staff. Payroll amounted to \$25.7 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 \$20.3 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college's operations spending added **\$33.5 million** in income to the regional economy in FY 2023-24.

Construction spending impact

- Southern Union 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 Southern Union's construction spending in FY 2023-24 was **\$442.1 thousand** in added income for the SUSCC Service Area.

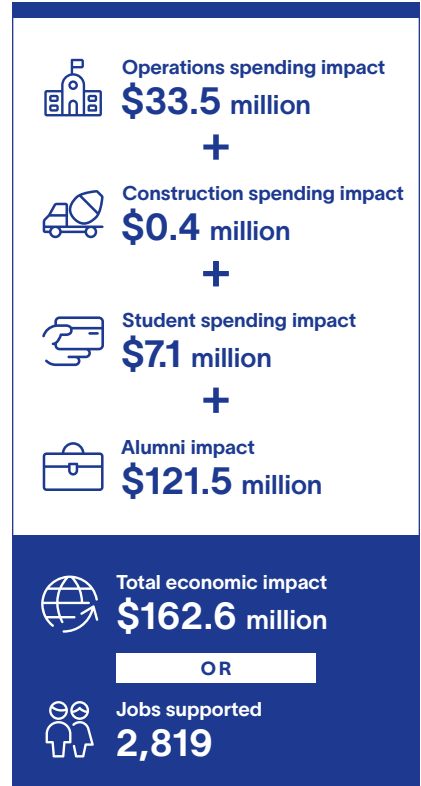
Student spending impact

- Around 44% of credit students attending Southern Union originated from outside the region. Some of these students relocated to the SUSCC Service Area. In addition, some in-region students, referred to as retained students, would have left the SUSCC Service Area for other educational opportunities if not for Southern Union. 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 **\$7.1 million** in income to the SUSCC Service Area economy.

Alumni impact

- Over the years, students have studied at Southern Union and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in the SUSCC Service Area.
- The net impact of Southern Union's former students currently employed in the regional workforce amounted to **\$121.5 million** in added income in FY 2023-24.

Impacts created by Southern Union in FY 2023-24



Investment analysis

Student perspective

- Southern Union's FY 2023-24 students paid a present value of **\$17.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$13.2 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 **\$160.8 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 **21.1%**.

Taxpayer perspective

- Taxpayers provided Southern Union with **\$26.0 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 **\$46.0 million**. A reduced demand for government-funded services in Alabama will add another **\$5.0 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$51.0 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in Southern Union, taxpayers will receive **\$2.00** in return over the course of students' working lives. The average annual rate of return for taxpayers is **4.8%**.

Social perspective

- In FY 2023-24, Alabama invested **\$66.6 million** to support Southern Union. In turn, the Alabama economy will grow by **\$540.5 million**, over the course of students' working lives. Society will also benefit from **\$20.1 million** of public and private sector savings.
- For every dollar invested in Southern Union in FY 2023-24, people in Alabama will receive **\$8.40** in return, for as long as Southern Union's FY 2023-24 students remain active in the state workforce.

Students see a high rate of return for their investment in Southern Union



Average annual return for Southern Union students

21.1%



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

\$2.00



Society gains in added income and social savings

\$8.40

