



The Economic Value of Reid State Technical College

Reid State Technical College (RSTC) 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.

Economic impact analysis

In FY 2020-21, RSTC added **\$13.4 million** in income to the RSTC Service Area* economy. Expressed in terms of jobs, RSTC's impact supported **238 jobs**.

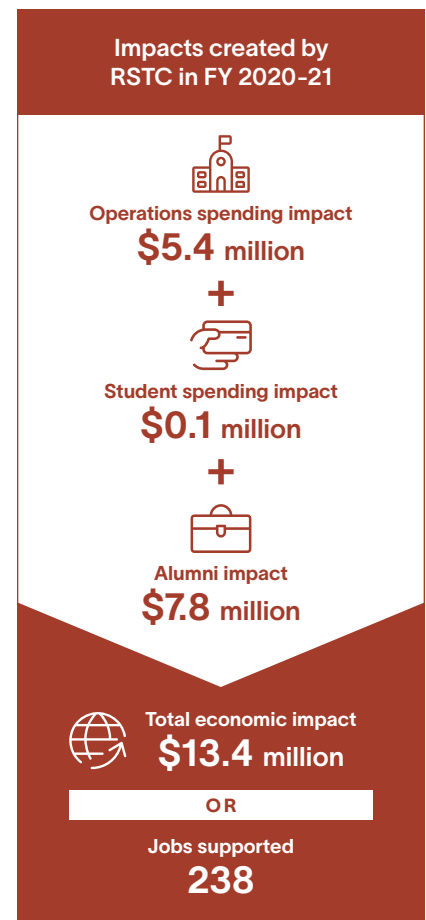
Operations spending impact

- RSTC employed 67 full-time and part-time faculty and staff. Payroll amounted to \$4.4 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 \$2.8 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$5.4 million** in income to the regional economy in FY 2020-21.

Student spending impact

- Some in-region students, referred to as retained students, would have left the RSTC Service Area for other educational opportunities if not for RSTC. These

* For the purposes of this analysis, the RSTC Service Area is comprised of the following 42 zip codes encompassing all of Butler, Conecuh, Escambia, Monroe, and Wilcox Counties, and portions of Covington County: 36015, 36030, 36033, 36037, 36401, 36420, 36425, 36426, 36427, 36432, 36435, 36439, 36441, 36444, 36445, 36454, 36456, 36458, 36460, 36461, 36470, 36471, 36473, 36474, 36475, 36480, 36481, 36502, 36503, 36504, 36543, 36720, 36722, 36723, 36726, 36728, 36741, 36751, 36753, 36766, 36768, and 36769.



retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of retained students in FY 2020-21 added **\$110.1 thousand** in income to the RSTC Service Area economy.

Alumni impact

- Over the years, students have studied at RSTC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the RSTC Service Area.
- The net impact of RSTC's former students currently employed in the regional workforce amounted to **\$7.8 million** in added income in FY 2020-21.

Investment analysis

Student perspective

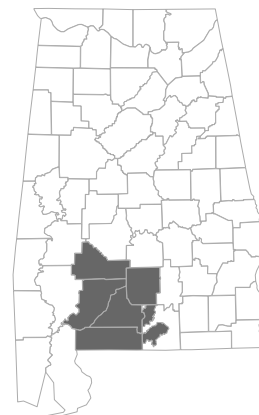
- RSTC's FY 2020-21 students paid a present value of **\$764,000** to cover the cost of tuition, fees, and supplies. They also forwent **\$1.8 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$17.7 million** in increased earnings over their working lives. This translates to a return of **\$6.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **23.5%**.

Taxpayer perspective

- Taxpayers provided RSTC with **\$5.5 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 **\$3.4 million**. A reduced demand for government-funded services in Alabama will add another **\$361,200** in benefits to taxpayers.

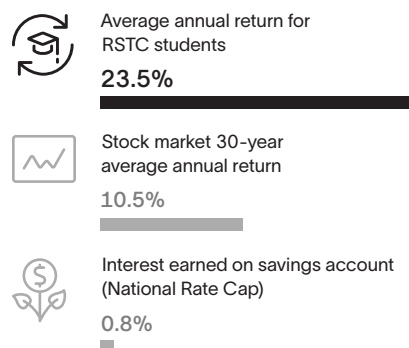
Social perspective

- In FY 2020-21, Alabama invested **\$9.2 million** to support RSTC. In turn, the Alabama economy will grow by **\$37.9 million**, over the course of students' working lives. Society will also benefit from **\$1 million** of public and private sector savings.
- For every dollar invested in RSTC in FY 2020-21, people in Alabama will receive **\$4.20** in return, for as long as RSTC's FY 2020-21 students remain active in the state workforce.



THE RSTC SERVICE AREA, AL

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



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

