Palo Alto College (PAC) 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) 2016-17.

**IMPACT ON THE BUSINESS COMMUNITY**

During the analysis year, PAC and its students added $411.4 million in income to the Alamo Colleges Service Area economy, approximately equal to 0.3% of the region’s total gross regional product (GRP). PAC’s impact supported 6,535 jobs in FY 2016-17. The economic impacts of PAC break down as follows:

**Operations spending impact**
- PAC employed 935 full-time and part-time employees in FY 2016-17. Payroll amounted to $36 million, much of which was spent in the Alamo Colleges Service Area to purchase groceries, clothing, and other household goods and services. The college spent another $34.4 million to support its day-to-day operations. These figures include an allocation of DSO employees and expenditures to PAC.
- The net impact of college payroll and expenses in the Alamo Colleges Service Area during the analysis year was approximately $56.6 million in income.

**Construction spending impact**
- PAC commissioned contractors to build or renovate facilities during the analysis year, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of PAC’s construction spending in FY 2016-17 was $770.3 thousand in added income for the Alamo Colleges Service Area.

**Student spending impact**
- Around 16% of credit students attending PAC originated from outside the region. Some of these students relocated to the Alamo Colleges Service Area. In addition, a number of students would have left the region if not for PAC. These relocated and retained students spent money on groceries, transportation, rent, and so on at regional businesses.
- The Alamo Colleges Service Area is comprised of Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Kerr, and Wilson Counties.
The expenditures of relocated and retained students during the analysis year added approximately $31.3 million in income to the Alamo Colleges Service Area economy.

Alumni impact

- Over the years, students have studied at PAC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Alamo Colleges Service Area.
- The impact of former students currently employed in the regional workforce amounted to $322.7 million in added income during the analysis year.

**RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY**

**Student perspective**

- PAC’s FY 2016-17 students paid a total present value of $14.9 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent $28.3 million in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of $438 million in increased earnings over their working lives. This translates to a return of $10.10 in higher future earnings for every dollar that students invest in their education. The average annual return for students is 26.2%.

**Taxpayer perspective**

- In FY 2016-17, state and local taxpayers in Texas paid $48.5 million to support the operations of PAC. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to $187.6 million in benefits to taxpayers. Savings to the public sector add another $9.8 million in benefits due to a reduced demand for government-funded services in Texas.
- Dividing benefits to taxpayers by the associated costs yields a 4.1 benefit-cost ratio, i.e., every dollar in costs returns $4.10 in benefits. The average annual return on investment for taxpayers is 10.4%.

**Social perspective**

- The economic base in Texas will grow by $3.1 billion over the course of the students’ working lives. Society will also benefit from $35.4 million in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on PAC FY 2016-17 educations, society will receive a cumulative value of $29.10 in benefits, for as long as the FY 2016-17 student population at PAC remains active in the state workforce.

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**STUDENT RATE OF RETURN**

<table>
<thead>
<tr>
<th>Average Annual Return for PAC Students</th>
<th>Stock Market Average Annual Return*</th>
<th>Interest Earned on Savings Account (National Rate Cap)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.2%</td>
<td>10.1%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

** FDIC.gov, 7-2017.

For every $1 spent by...

**STUDENTS**

- $10.10 Gained in lifetime earnings for STUDENTS

**TAXPAYERS**

- $4.10 Gained in added tax revenue and public sector savings for TAXPAYERS

**SOCIETY**

- $29.10 Gained in added state revenue and social savings for SOCIETY