The Economic Contribution of
Butler County Community College
Butler, Pennsylvania
Butler County Community College plays a significant role in the local economy and is a sound investment from multiple perspectives. Students benefit from improved lifestyles and increased earnings. Taxpayers benefit from a larger economy and lower social costs. Finally, the community as a whole benefits from increased job and investment opportunities, higher business revenues, greater availability of public funds, and an eased tax burden.

Study Highlights

Investment Analysis
- For every dollar students invest in BC3, they receive a cumulative $5.00 in higher future income (discounted) over the course of their working careers.
- Pennsylvania benefits from improved health and reduced welfare, unemployment, and crime, saving the public some $1.3 million per year.
- Taxpayers see a rate of return of 12.1% on their investment in BC3.

Economic Growth Analysis
- The Butler County economy receives approximately $16.2 million in net added income each year due to BC3 payroll and operations spending.
- The accumulated credits achieved by former BC3 students over the past 30 years translated to $180.5 million in added regional income in 2010-11 due to the higher earnings of students and increased output of businesses.
Education Will Pay Students Back — For a Lifetime

- Students enjoy an attractive 17.7% rate of return on their BC3 educational investment.
- Over the course of his or her working career, the average BC3 student’s lifetime earnings will increase $5.10 for every dollar invested in their BC3 education (in the form of tuition, fees, and forgone earnings).
- The average annual income of the typical associate’s degree graduate in Butler County at the midpoint of his or her career is $44,400, 35% more than someone with a high school diploma.
- Over the course of a working lifetime, associate’s degree graduates in Butler County earn $429,200 more than someone with a high school diploma (undiscounted).

Student Perspective

Projected 2021 Jobs in Butler County by Skill Level

- By 2021 it is anticipated that there will be about 33,400 new and replacement jobs available in Butler County.
- About 28% of these jobs will require an education level equal to an associate’s degree or greater.
- Another 8% of available jobs in 2021 will require some kind of post-secondary certificate or vocational award.

Education Is A Student’s Ticket to a Better Job
BC3 Increases State Income

• The activities of BC3’s 2010-11 student body will generate about $18.7 million in labor income in the state economy each year.

• Once BC3’s current students become active in the workforce, they will promote business output, raise consumer spending, and increase property income in the state. All of this contributes an additional $9.3 million in taxable income each year.

• Altogether, higher student income and associated effects on business productivity add $28.1 million in income annually to the state economy.

BC3 Reduces Social Costs

• Education is statistically correlated with improved lifestyle behaviors, including reduced incidences of absenteeism, alcohol abuse, and smoking, lower probability of committing crime, and fewer welfare and unemployment claims.

Annual Benefits to the Pennsylvania Public Due to BC3 ($ Millions)

- Added income, $28.1
- Social savings, $1.4

• It is estimated that BC3’s 2010-11 student population will generate social savings to the Pennsylvania public equal to $1.4 million a year.

• These savings accrue to all state and local residents — students, homeowners, businesses, and taxpayers.
**BC3 Leverages Taxpayer Dollars**

- An estimated 97% of BC3 students remain in Pennsylvania and contribute to economic growth. Students who enter the workforce expand the tax base by generating higher earnings and reducing social costs.

- Higher student earnings and associated increases in property income generate about $2.8 million in added tax revenue each year.

- State and local governments will save approximately $100,000 in avoided social costs each year, including savings associated with improved health, lower costs of law enforcement, and fewer welfare claimants.

**BC3 Generates a Return on Public Investment**

**Long-term Return to State and Local Taxpayers on Their BC3 Investment**

- State and local governments allocated about $14.6 million in support of BC3 in FY 2010-11.

- For every dollar appropriated by state and local governments to BC3, taxpayers will see a return with a cumulative added value of $3.50 in the form of higher tax revenues and avoided social costs.

- State and local governments will receive a rate of return of 12.0% on their investments in BC3.
BC3 raises consumer spending

- BC3 employed 223 full-time and 393 part-time faculty and staff in the 2010-11 reporting year, with an annual payroll of $19.2 million.
- In addition to payroll, BC3 spent $18.6 million in FY 2010-11 for supplies and services, of which an estimated 36% was spent in Butler County.

BC3 generates new income

- BC3 payroll and spending for supplies and services generate a net impact of $16.2 million in added income in the economy each year.
- The increased productivity of workers due to the accumulation of past and present BC3 skills in the Butler County workforce contributes approximately $167.9 million in added income each year.

BC3 creates a skilled workforce

- BC3 activities encourage new business, assist existing business, and create long-term economic growth. The college enhances worker skills and provides customized training to local business and industry.
- An estimated 1.1 million BC3 credits have accumulated in the Butler County workforce over the past 30-year period as former BC3 students (completers and non-completers) enter the regional workforce each year.

Projected 2021 Jobs by Skill Level in Butler County (%)
BC3 affects the local economy in two ways: (1) through its local purchases, including wages paid to faculty and staff; and (2) through the increase in the skill base of the local workforce. These effects break down as follows:

**College Operations Effect**
BC3 creates income through the earnings of its faculty and staff, as well as through its own operating and capital expenditures. Adjusting for taxes and other monies withdrawn from the local economy in support of BC3, it is estimated that the Butler County economy receives a net of $16.2 million in added labor and non-labor income due to BC3 operations each year.

**Student Productivity Effect**
Every year students leave BC3 and join or rejoin the regional workforce. Their added skills translate to higher income and a more robust Butler County economy. Based on BC3’s historical enrollment and credit production over the past 30-year period, it is estimated that the accumulated contribution of BC3 instruction received by former students (both completers and non-completers) annually adds some $180.5 million in income to Butler County.

**Total Effect**
Altogether, the average annual added income due to the activities of BC3 and its former students equals $196.7 million. This is approximately equal to 2.4% of the total Butler County economy.

### BC3 Economic Growth Results at a Glance

<table>
<thead>
<tr>
<th>Added Income</th>
<th>Total Added Income in Butler County Due to BC3 (§ Millions)</th>
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</thead>
<tbody>
<tr>
<td>College operations effect</td>
<td>Operations effect, $16.2</td>
</tr>
<tr>
<td>Student productivity effect</td>
<td>Productivity effect, $38.3</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$196,664,000</td>
</tr>
</tbody>
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### Economic Impact Study Conclusion

The results of this study demonstrate that BC3 is a sound investment from multiple perspectives. The college enriches the lives of students and increases their lifetime incomes. It benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing the demand for taxpayer-supported social services. Finally, it contributes to the vitality of both the local and state economies.
About the Study

This report summarizes the results from “The Economic Contributions of Butler County Community College” detailing the role that the college plays in promoting economic development, enhancing students’ careers, and improving quality of life. Data sources include, but are not limited to, 2010-11 academic and financial reports from the college, industry and employment data from the U.S. Bureau of Labor Statistics, earnings and demographic data from the U.S. Census Bureau, and a variety of studies and surveys relating education to social behavior.

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