

# THE ECONOMIC IMPACT OF OGEECHEE TECHNICAL COLLEGE

## **Economic Benefits: Growth and Jobs**

Ogeechee Technical College impacts the regional economy in four direct ways: through expenditures on construction and equipment; through expenditures made by the Foundation; through the expenditures made faculty and staff where they live; and, through the direct expenditures made by the institution on operations as measured by non-payroll expenses. Additionally, at this time the OTC is engaged in developing a new facility, the CDL/Truck Driving and Fire Science project that will be located in Evans County. This project represents a \$1.2 million construction and equipment expenditure.

The economic impact of OTC is not exclusive to the City of Statesboro or Bulloch County, but is distributed among several counties that are interlinked to the College.<sup>1</sup> Some of the activities that make the surrounding counties economically interlinked include businesses that supply goods and services to the College and the expenditures by the faculty and staff at their places of residence in neighboring counties.

In addition to the \$1.2 million in construction for the Truck Driving and Fire Science facility, in FY06 Ogeechee Technical College spent another \$885.8 thousand on construction and equipment.<sup>2</sup> These expenditures include construction, library collections, motor vehicle purchase, and equipment. The College spent nearly \$9 million on payroll and \$7.2 million on non-payroll operating expenses. The payroll expenses include casual labor and salary payments, along with air travel and budget expenses for employees. Non-payroll expenses include all contracts for services, business supplies, and miscellaneous equipment purchases. In FY06 Ogeechee Technical College spent \$198 thousand from the Foundation that included nonprofit, awards/scholars, training, building, and college-support.<sup>3</sup>

The impact of Ogeechee Technical College's direct expenditures expands through the multiplier effect. In fact, the direct spending, shown as in column one in Table 1, is only a cursory effect relative to the total economic impact.<sup>4</sup> Direct expenditures have a ripple effect as the dollars spent by one become income for others who in turn re-spend the

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<sup>1</sup> The regional economy is considered to be made up of the following counties: Bulloch, Chatham, Effingham, Evans, and Screven

<sup>2</sup> Construction estimates came from Ben Thompson, the Vice President of Economic Development, at Ogeechee Technical College.

<sup>3</sup> Foundation estimates came from Beth Matthews, the Executive Director of Institutional Advancement, at Ogeechee Technical College.

<sup>4</sup> The total economic impact was estimated using the regional input-output program, IMPLAN. IMPLAN is a product of the Minnesota IMPLAN Group, Inc.

same dollars. The total economic impact is composed of the sum of the direct impact, the first round of spending, plus what is termed an indirect effect and an induced effect.

The indirect effect reflects the impact of OTC's expenditures on operating expenses. These expenses by OTC become income for businesses selling goods and services to OTC. For example, OTC requires office supplies in its daily business. Making these purchases locally increases the income of local businesses selling office supplies. The second effect, the induced effect, reflects the impact of spending by households on goods and services. When the OTC faculty and staff are paid and when businesses that sell office supplies pay their employees, they create new demand at stores, banks, retailers, etc.

The total impact of OTC including the indirect and induced effects on the five county region expands from a direct impact of \$17.9 million to \$25.9 million. This means for every \$100 dollars in direct expenditure by OTC, there is an additional economic impact of \$44 created by the ripple effect.

Table 1  
Output Impact of Ogeechee Technical College (2006\$)

|                        | Direct               | Total                | Multiplier  |
|------------------------|----------------------|----------------------|-------------|
| Construction/Equipment | \$ 855,912           | \$ 1,311,701         | 1.53        |
| Foundation             | \$ 198,562           | \$ 316,501           | 1.59        |
| Non Payroll            | \$ 7,258,314         | \$ 11,593,410        | 1.60        |
| Payroll                | \$ 8,587,667         | \$ 10,997,103        | 1.28        |
| Truck/Science Building | \$ 1,034,800         | \$ 1,644,666         | 1.59        |
| <b>Total</b>           | <b>\$ 17,935,255</b> | <b>\$ 25,863,381</b> | <b>1.44</b> |

Table 2 shows the jobs that are directly created by OTC's demand for goods, services and labor. From 290 direct jobs created, total jobs for all the rounds of spending increase to 384. It should be noted that the major construction associated with the Truck Driving and Fire Science facility has multipliers over 2. Construction of public facilities remains a labor intensive industry. So, for every direct job created by special construction projects, a second job is created by the multiple rounds of expenditures. The next highest multiplier is also associated with construction (1.39), but since equipment purchases are include in on-going construction, the multiplier is slightly lower than for the special construction projects.

Table 2  
Employment Impact of Ogeechee Technical College

|                        | Direct     | Total      | Multiplier  |
|------------------------|------------|------------|-------------|
| Construction/Equipment | 14         | 19         | 1.39        |
| Foundation             | 5          | 6          | 1.30        |
| Non Payroll            | 202        | 254        | 1.26        |
| Payroll                | 63         | 90         | 1.44        |
| Truck/Science Building | 7          | 15         | 2.14        |
| <b>Total</b>           | <b>290</b> | <b>384</b> | <b>1.33</b> |

The overall bottom line is that OTC is a significant economic force in the five county regional economy. With direct expenditures totaling \$17.9 million and direct jobs totaling 290, **OTC's total economic impact annually amounts to approximately \$25.9 million in output/income and 384 jobs.**

### **Other Economic Benefits**

There are several other intangible but important economic benefits provided by OTC. First, like Georgia Southern, OTC provides stable, reliable growth in the region. Growth in budgets for higher education may slow down, but the overall growth in the region's population along with Georgia's continued emphasis on improving its higher educational competitiveness means OTC will continue to grow.

Additionally, OTC provides a key form of education that directly contributes to the region's economic competitiveness. OTC has an active General Education Degree (GED) program. On average, approximately 230 students complete a high school equivalency degree at OTC each year. That is equivalent to approximately a 1% annual increase in the percent of the Bulloch population age 18 and older with a high school degree or its equivalent. Most of OTC students are place-bound students tied to the area by work and family and will continue to live in the Greater Bulloch region post graduation. A high school equivalency means a more productive labor force and thus a more competitive community for attracting and maintaining jobs. On a community wide basis, for every one percent increase in the population age 25 and older with a high school degree or its equivalent, annual *per capita* income increase by about \$119. That means that the income of each and every person living in Bulloch county increases by \$119 every year that OTC educates approximately 230 students to attain a GED. Over the past six years in which the average graduation with a GED has been 230 students per year, OTC's output of GEDs has increased total county income by an estimated \$400,000.

In individual terms, for every student who gains a high education or its equivalent, it is estimated that the student will earn an additional \$200,000 (real, base year 2000 dollars) over a lifetime compared to high school non-graduates. That translates to the ability to purchase a home.

Finally, OTC is the local agent for the Georgia Quick Start program. Georgia's Quick Start is nationally recognized for providing high-quality training services at no cost to new or expanding businesses in Georgia. Since 1967, Quick Start has provided customized training for hundreds of thousands of employees and for thousands of businesses and industries throughout the state. In OTC's region, several firms have benefited from the Quick Start program through free training, and continue to be served by OTC and other technical colleges through continued low cost training. While the Georgia Department of Technical and Adult Education does not attach a dollar figure to Quick Start training, the value of the program is obvious in the cost savings to businesses in OTC's region, and through the incentive Quick Start provides to firms considering a move to the region.