



ATLANTA TECHNICAL COLLEGE

The Economic Value of Atlanta Technical College

EXECUTIVE SUMMARY



ATLANTA Technical College (ATC) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college retains and attracts students in the region, keeping dollars and opportunities in the ATC Service Area.¹ ATC serves industry by producing a well-trained workforce, the benefits of which extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by ATC and the benefits the college generates in return for the investments made by its key stakeholder groups.

All results reflect employee, student, and financial data on ATC, provided by the Technical College System of Georgia (TCSG), for fiscal year (FY) 2019. This analysis includes data from the following programs within ATC:

- **Technical Education:** In technical education, students receive credits toward technical certificates, diplomas, and associate degrees. Students pay tuition to attend classes, but many receive state and federal grants that cover these costs. High school students participate in technical education through the state's dual enrollment program.
- **Adult Education:** The adult education program provides adults who do not have a high school diploma with the opportunity to work toward a high school equivalency or GED. This program also offers classes to learn English as a second language, job readiness, and career training. All adult education classes are free to participants.
- **Economic Development:** ATC provides customized training to meet local industry needs. These training programs are paid for by local businesses or individuals taking the courses.

ATC influences both the
lives of its students *and the*
regional economy.

¹ The ATC Service Area is comprised of Clayton and Fulton Counties.



Economic impact analysis

ATC promotes economic growth in the ATC Service Area through its direct expenditures and the resulting expenditures of students and businesses. In addition, ATC supplies trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact



ATC adds economic value to the ATC Service Area as an employer and a large-scale buyer of goods and services. As of September 12, 2019, the college employed 573 full-time and part-time faculty and staff, 49% of whom lived in the ATC Service Area. Total payroll at ATC was \$19.8 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses.² In addition, the college spent \$13.9 million on day-to-day expenses related to facilities, supplies, and professional services.

ATC's day-to-day operations spending added \$27.6 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$27.6 million in added income is equivalent to supporting 635 jobs in the region.

Student spending impact



A number of in-region students would have left the ATC Service Area if not for the existence of ATC.³ While attending the college, these students spent money on groceries, accommodations, transportation, and other household expenses. This spending generated \$6.3 million in added income for the regional economy in FY 2019, which supported 123 jobs in the ATC Service Area.

Alumni impact



ATC adds significant value to the ATC Service Area through the education and training it provides. Today, thousands of former ATC students are employed in the ATC Service Area. As a result of their

IMPACTS CREATED
BY ATC IN FY 2019



\$27.6 million
Operations Spending Impact



\$6.3 million
Student Spending Impact



\$167.6 million
Alumni Impact



\$201.5 million
TOTAL IMPACT

- OR -

3,015
JOBS SUPPORTED

² All expenditure information is from FY 2018, the most recent available, and is used as a proxy for FY 2019.

³ This report assumes that this applies to 10% of ATC's in-region students.

ATC education, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2019, ATC alumni generated \$167.6 million in added income for the regional economy, which is equivalent to supporting 2,257 jobs.

Total impact

ATC added \$201.5 million in income to the ATC Service Area economy during the analysis year, equal to the sum of the operations spending, student spending, and alumni impacts. For context, the \$201.5 million impact was equal to approximately 0.1% of the total gross regional product (GRP) of the ATC Service Area.

ATC’s total impact can also be expressed in terms of jobs supported. The \$201.5 million impact supported 3,015 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. ATC’s spending and alumni in the Health Care & Social Assistance industry sector supported 559 jobs in FY 2019. These industry impacts would not have been generated without the college’s presence in the ATC Service Area.



ATC IMPACTS BY INDUSTRY
(JOBS SUPPORTED)



Health Care & Social Assistance



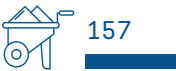
Other Services (except Public Administration)



Accommodation & Food Services



Retail Trade



Construction



Investment analysis

The analysis presented here considers ATC as an investment from the perspectives of students, taxpayers, and society in Georgia. An investment analysis evaluates the costs associated with a project or undertaking against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. Note that all values here are in present value terms.⁴

Student perspective



In FY 2019, ATC served 17,106 total students through technical education, adult education, and economic development courses.

Technical education students and some economic development students paid for tuition, fees, books, and supplies. While many technical education students received grants, some took out loans and incurred interest on those loans. Additionally, in order to attend classes and training, some students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by ATC students in FY 2019 amounted to a present value of \$41.3 million, equal to \$7.7 million in out-of-pocket expenses (including future principal and interest on student loans) and \$33.5 million in forgone time and money.

In return for their investment, ATC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives.⁵ For example, the average ATC associate degree graduate from FY 2019 will see annual earnings that are \$11,300 higher than a person with a high school diploma

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN ATC



43.3%

Average annual return for ATC students



9.9%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.

The average associate degree graduate from ATC will see an increase in earnings of **\$11,300** each year compared to a person with a high school diploma or equivalent working in Georgia.



Source: Emsi employment data.

⁴ This analysis presents numbers in terms of present value. Present value is the worth of a future amount of money or stream of payments in today's dollars adjusted for interest and inflation. In other words, it compares the buying power of one future dollar to purchasing power of one today.

⁵ Working lives is defined by the difference between the average age of ATC students (29) and the retirement age of 67. For the purposes of this study, the working lives of ATC students is 38 years.

or equivalent working in Georgia. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$429,400 in higher earnings per graduate. ATC's FY 2019 students will receive over \$310.3 million in higher future earnings over their working careers.

The students' benefit-cost ratio is 7.5. In other words, for every dollar students invest in an education at ATC, they will receive a cumulative value of \$7.50 in higher future earnings. Annually, the students' investment in ATC has an average annual internal rate of return of 43.3%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.⁶

Taxpayer perspective



ATC generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As ATC students earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2019 students' working lives, the state government will have collected \$103.5 million in additional taxes.

Benefits to taxpayers will also consist of savings generated because ATC students will be more employable. Because of this, their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. While there are likely other positive life-style changes associated with this increase in education, only income assistance is measured in this analysis. For a list of study references, please see the main report. Altogether, the benefits associated with an ATC education will generate \$1.9 million in savings to state taxpayers.

Total taxpayer benefits amount to \$105.3 million, the sum of the added taxes and public sector savings. Taxpayer costs are \$13.5 million, equal to the amount of state government funding ATC received in FY 2019. These benefits and costs yield a benefit-cost ratio of 7.8. This means that for every dollar of public money

*For every dollar of public money invested in ATC, taxpayers will receive a cumulative value of **\$7.80** over the course of the students' working lives.*

⁶ Internal rate of return is a measure of investment effectiveness that shows the highest interest rate at which the investment would make neither a profit nor loss, representing the breakeven rate of return.



STUDENT PERSPECTIVE

\$310.3 million
Present value benefits

\$41.3 million
Present value costs

\$269 million
Net present value

Benefit-cost ratio	Rate of return
7.5	43.3%



TAXPAYER PERSPECTIVE

\$105.3 million
Present value benefits

\$13.5 million
Present value costs

\$91.8 million
Net present value

Benefit-cost ratio	Rate of return
7.8	29.2%



SOCIAL PERSPECTIVE

\$1.2 billion
Present value benefits

\$71.9 million
Present value costs

\$1.1 billion
Net present value

Benefit-cost ratio	Rate of return
16.5	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries of the investment are not necessarily the same as the original investors.

invested in ATC in FY 2019, taxpayers will receive a cumulative value of \$7.80 over the course of the students’ working lives. The average annual internal rate of return for taxpayers is 29.2%, which compares favorably to other long-term investments in the public and private sectors.

Social perspective



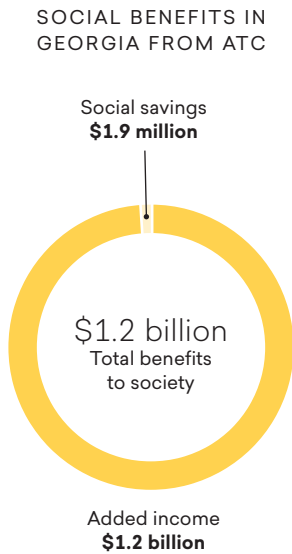
Society as a whole in Georgia benefits from the presence of ATC in two major ways. Primarily, society benefits from an increased economic base in the state. This increase is attributed to higher student earnings and increased business output, which raise economic prosperity in Georgia. Benefits to society also include social savings due to ATC students’ increased employability, as discussed in the previous section.

Altogether, the social benefits of ATC equal a present value of \$1.2 billion. These benefits include \$1.2 billion in added income through students’ increased life-time earnings and increased business output, as well as \$1.9 million in social savings related to income assistance in Georgia. People in Georgia invested an estimated total of \$71.9 million in ATC in FY 2019. The cost includes all the college’s expenditures and student costs.

The benefit-cost ratio for society is 16.5, equal to the \$1.2 billion in benefits divided by the \$71.9 million in costs. In other words, for every dollar invested in ATC, people in Georgia will receive a cumulative value of \$16.50 in benefits. The benefits of this investment will occur for as long as ATC’s FY 2019 students remain in the state.

Summary of investment analysis results

The results of the analysis demonstrate that ATC is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an ATC education through higher earnings. At the same time, taxpayers’ investment in ATC returns more to government budgets than it costs and creates a wide range of social benefits throughout Georgia.



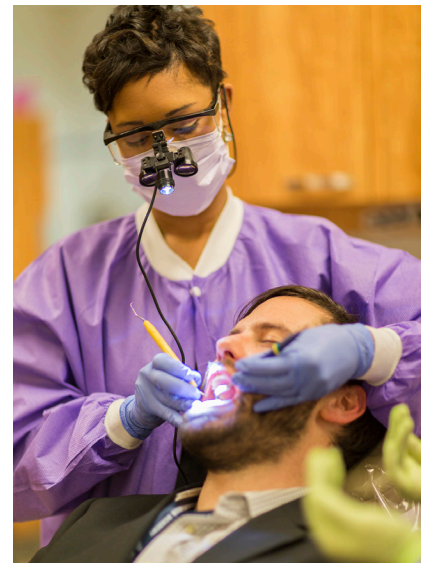
Conclusion

The results of this study demonstrate that ATC creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. ATC enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, ATC benefits society as a whole in Georgia by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2019 academic and financial reports on ATC from TCSG, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Emsi's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.

The results of this study demonstrate that ATC creates value from
multiple perspectives.



Emsi is a labor market analytics firm that integrates data from a wide variety of sources to serve professionals in higher education, economic development, workforce development, talent acquisition, and site selection. Emsi is a leading provider of economic impact studies and labor market data to educational institutions in the U.S. and internationally. Since 2000, Emsi has completed over 2,000 economic impact studies for institutions across three countries. For more information about Emsi's products and services, visit www.economicmodeling.com.