Garrett County Public School System Economic Value Study

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Value Classifications

- Value 1: Economic and employment impact from GCPS operations
- Value 2: Economic value of degrees awarded
- Value 3: Economic development impacts
- Value 4: Reduction in public costs
GCPS Value 1

**Value 1:** Regional spending and employment benefits affiliated with GCPS’ annual Operating and Capital budgets (on a disaggregated basis)

Spending on salaries, supplies, equipment, construction, and other operational supports

- generates income and benefits to employees, contractors, and vendors

- employees, contractors, and vendors will, in turn, reinvest a portion of these funds in the local and regional economy (*multiplier* impact of GCPS’ Operating and Capital budgets)
Graduates of GCPS have a higher economic value than those who have not attained a high school diploma

- improved academic performance of high school graduates likely leads to improved college academic performance and a greater likelihood of attaining a college degree

- high school and college degree attainment further accelerates lifetime earning levels and improves the odds of gainful employment
Value 3: Economic impact on local wealth

Well performing schools correlate to a positive wealth effect and a premium in local property values (*which increase the taxable base and, as a result, net tax yields*).

Essentially enhances the ability of a county to attract and/or retain families with skilled and professional workers who are net wealth creators.
GCPS Value 4

Value 4: Reduction in public costs as a result of graduating with a High School diploma

- Lower
  - Crime rates
  - Unemployment/underemployment levels
  - Welfare expenditures
  - Public health care costs
  - Etc.
Inputs

- In order to have accurate inputs, expenditures and employment data was gathered from the school system.

Data included:
- Detailed expenditures
  - Includes all funding sources
- Number of employees
- Employee breakdown by salary
- Employee breakdown by county of residence
- All data is from FY 14 (actual)
Value Estimation Process

Values 1
- IMPLAN- economic impact estimation software
  - Data collected and analyzed from a variety of sources to build the economic models
  - Available at the local level

Values 2, 3, & 4
- Develop algorithms based on current research that relate academic outcomes to economic and quality-of-life factors
Value Estimation Process

- Not all money spent in the county is retained in the county

- **Leakage**—the spent money that leaves the county
  - Results when vendors outside of the county are utilized and when employees spend their paychecks outside of the county

- The values estimated are those that are retained within the county
  - An important part of the conversation is how to decrease leakage and retain more of the economic value
Every $1.00 in operational monies spent by GCPS and retained in the county results in total spending locally of $1.42.

<table>
<thead>
<tr>
<th>Economic and Employment Impact of GCPS Operating Budget</th>
<th>Economic ($ millions)</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Effect</td>
<td>$47.98</td>
<td>466</td>
</tr>
<tr>
<td>Indirect Effect</td>
<td>$0.71</td>
<td>6</td>
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<tr>
<td>Induced Effect</td>
<td>$19.22</td>
<td>173</td>
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<tr>
<td>Total Effect</td>
<td>$67.91</td>
<td>839</td>
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</table>
Estimated Annual Impact of Public School Capital Budget

Every $1 in capital spending that is retained in the county results in total spending locally of $1.42. For every $1 million in GCPS capital spending, 10.11 additional jobs are supported in the county. Every $1 in capital spending that is spent and retained in the state of Maryland results in total spending locally of $1.80.

| Economic Impact of GCPS Average Annual Capital Spending (10 Year Average) ($ millions) |
|---------------------------------|-----------------|-----------------|
| **Impact**                      | Garrett County  | Maryland        |
| Direct Effect                   | $1.87           | $2.08           |
| Indirect Effect                 | $0.31           | $0.58           |
| Induced Effect                  | $0.48           | $1.07           |
| Total Effect                    | $2.65           | $3.73           |
In recent years, GCPS has annually graduated students who will realize an additional lifetime earnings of approximately $28.89 million (estimated total present value). The present value of the county income tax to be paid on these additional earnings is approximately $536,000 per graduating class.
Based on the improved college-readiness of GCPS seniors, approximately $33.93 million in additional lifetime earnings can be attributed to GCPS graduates that are forecasted to successfully graduate college. The present value of the county income tax to be paid on these additional earnings is $618,876 per graduating class.
Impact on Property Values

The additional economic activity generated by GCPS graduates who work and spend in the county positively impacts property values and property tax revenues. Each graduating class is estimated to add nearly $5.5 million in real property values and $54,209 in real property tax revenues.
Reduced Public Costs

- Over the past five years, each GCPS graduating class has been associated with
  - Approximately $12 million in savings in future public health-care costs.
  - Over $8 million in savings in future crime related costs.
  - Approximately $1 million in savings in future welfare costs.
Dashboard
Questions?
Thank You!

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