

The Economic Value of Oberlin College and Conservatory to Lorain County





BERLIN COLLEGE AND CONSERVATORY (Oberlin) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws visitors and students to the county, generating new dollars and opportunities for Lorain County. Oberlin provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Oberlin is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Oberlin influences both the lives of its students and the county economy. The college supports a variety of industries in Lorain County, serves county businesses, and benefits society as a whole in Ohio from an expanded economy and improved quality of life. Additionally, the benefits created by Oberlin extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Oberlin on the business community and evaluates the return on investment to Oberlin primary stakeholders—students and Ohio society—as well as the benefits received by state taxpayers from Oberlin. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2023-24. Impacts on the Lorain County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students and Ohio society, along with benefits to the state taxpayers, are reported under the investment analysis.



Lorain County, Ohio

The total FY 2023-24 economic impact of Oberlin on Lorain County is **\$190.3 million**.

Oberlin influences both the **lives of its students** and the **county economy**.

Economic impact analysis



Oberlin promotes economic growth in Lorain County through its direct expenditures and the resulting expenditures of visitors, students, and county businesses. The college serves as an employer and buyer of goods and services for its day-to-day and construction operations. The college's reputation and activities attract visitors and students from outside Lorain County, whose expenditures benefit county vendors. In addition, Oberlin is a primary source of higher education to Lorain County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

Oberlin added **\$190.3 million** in income to the Lorain County economy during the analysis year, equal to the sum of the operations and construction spending impacts, the visitor and student spending impacts, the volunteerism impact, and the alumni impact. For context, the \$190.3 million impact was equal to approximately 1.4% of the total gross regional product (GRP) of Lorain County. This contribution that the college provided on its own is over twice as large as the entire Arts, Entertainment, & Recreation industry in the county.

Operations spending impact



Oberlin adds economic value to Lorain County as an employer of county residents and a large-scale buyer of goods and services. In FY 2023-24, payroll at Oberlin was \$107.1 million, much of which was spent in the county on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$87.7 million on expenses related to facilities, supplies, and professional services (excluding construction).

Oberlin's operations spending added \$125.4 million in income to the county during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-county spending of the college and its employees, and a downward adjustment to account for funding that the college received from county sources. The \$125.4 million in added income is equivalent to supporting 1,352 jobs in the county.

Impacts created by Oberlin on Lorain County in FY 2023-24



Total economic impact
\$190.3 million

OR



Jobs supported
2,461



Operations spending impact
\$125.4 million

+



Construction spending impact
\$24.8 million

+



Visitor spending impact
\$3.5 million

+



Student spending impact
\$7.0 million

+



Volunteerism impact
\$0.2 million

+



Alumni impact
\$29.4 million



Construction spending impact



Oberlin invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the county economy. In FY 2023-24, Oberlin's construction spending generated \$24.8 million in added income, which is equivalent to supporting 331 jobs.

Visitor spending impact



Thousands of visitors from outside the county were attracted to Oberlin during the analysis year to attend commencement, orientation, and other events hosted by the college. While in the county, visitors spent money for food, transportation, and other personal expenses. The off-campus expenditures of the college's out-of-county visitors generated a net impact of \$3.5 million in added income for the county economy in FY 2023-24. This \$3.5 million in added income is equivalent to supporting 81 jobs.

Student spending impact



Around 98% of students attending Oberlin originated from outside the county in FY 2023-24, and most of them relocated to Lorain County to attend Oberlin. These students may not have come to the county if the college did not exist. In addition, some in-county students, referred to as retained students, would have left Lorain County if not for the existence of Oberlin. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$7.0 million in added income for the county economy in FY 2023-24, which supported 118 jobs in Lorain County.

Volunteerism impact



Oberlin encourages its students to volunteer in Lorain County, where they can work with businesses and organizations to help meet their goals. The work of these student volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. The work of Oberlin student volunteers is equivalent to \$369.9 thousand in earnings. In terms of actual impact to the Lorain County economy, Oberlin student volunteers generated an impact of \$230.5 thousand in added income for the county in FY 2023-24, equivalent to supporting seven jobs.

Alumni impact



The education and training Oberlin provides for county residents represents the economic impact unique to educational institutions. Since the establishment of the college, students have studied at Oberlin and entered the county workforce with greater knowledge and new skills. Today, thousands of former Oberlin students



are employed in Lorain County. According to Lightcast's Alumni Pathways, many of Oberlin alumni are employed in the local workforce in industry sectors such as Government, Education; Educational Services; Professional & Technical Services; Health Care & Social Assistance; and Arts, Entertainment, & Recreation, with their top occupation being postsecondary teachers. As a result of their education from Oberlin, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, Oberlin alumni generated \$29.4 million in added income for the county economy, which is equivalent to supporting 572 local jobs.

Total impact

The total FY 2023-24 economic impact of Oberlin on Lorain County is **\$190.3 million**. It can also be expressed in terms of jobs supported. The \$190.3 million impact supported **2,461 local jobs**, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 59 jobs in Lorain County is supported by the activities of Oberlin and its students. In addition, the \$190.3 million, or 2,461 supported jobs, stemmed from different industry sectors. For instance, the activities of Oberlin and its alumni in the Educational Services industry sector supported 1,098 jobs in FY 2023-24. If the college did not exist, these impacts would not have been generated in Lorain County.

Oberlin impacts by industry (jobs supported)



One out of every 59 jobs in Lorain County is supported by the activities of Oberlin and its students.





Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates Oberlin as an investment from the perspectives of students and society in Ohio. In addition, the benefits received by state taxpayers are measured. As with the economic impact analysis, this analysis considers only FY 2023-24 activities.

Student perspective



In FY 2023-24, Oberlin served 2,966 students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Oberlin's students in FY 2023-24 amounted to a present value of \$99.9 million, equal to \$94.7 million in out-of-pocket expenses (including future principal and interest on student loans) and \$5.2 million in forgone time and money.

In return for their investment, Oberlin's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Oberlin bachelor's degree graduate from FY 2023-24 will see annual earnings that are \$24,200 higher than a person with a high school diploma or equivalent working in Ohio. Over a working lifetime, the benefits of a bachelor's degree over a high school diploma will amount to an undiscounted value of \$1.1 million in higher earnings per graduate. The present value of the cumulative higher future earnings that Oberlin's FY 2023-24 students will receive over their working careers is \$105.4 million.

The students' benefit-cost ratio is 1.1. In other words, for every dollar Ohio students invest in Oberlin in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$1.10 in higher future earnings. Annually, the students' investment in Oberlin has an average annual internal rate of return of 5.1%.

Students see a positive rate of return for their investment in Oberlin



Average annual return for Oberlin students
5.1%



Treasury interest rate projected for federal student loans*
4.9%

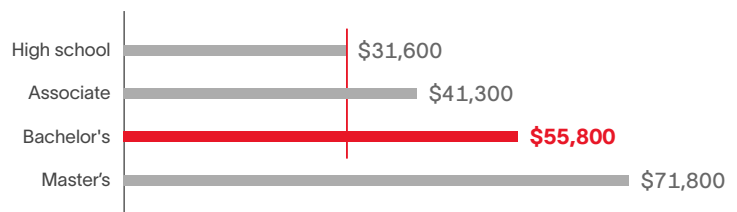


Interest earned on savings account (national deposit rate)
0.5%

*The three-year average baseline forecasts for the 10-year Treasury interest rate published by the Congressional Budget Office for federal student loan programs.

Average earnings by education level at career midpoint

The average bachelor's degree graduate from Oberlin will see an increase in earnings of **\$24,200** each year compared to a person with a high school diploma or equivalent working in Ohio. Accounting for the top states where most Oberlin alumni reside, bachelor's degree graduates' expected earnings are **\$47,700** higher than those of their counterparts with just a high school education.



Source: Lightcast employment data and Oberlin Alumni Pathways data



However, it is important to remember that the vast majority of Oberlin students are from outside Ohio and most of them settle down in other states after graduation. Factoring in settlement rates in top six states where according to the Alumni Pathways data, two-thirds of Oberlin alumni reside (New York, California, Ohio, Illinois, Massachusetts, and Pennsylvania) and accounting for the weighted average earnings in these states, Oberlin students' returns are **\$1.80** in the earnings increase for every dollar of investment and **8.4%** of an annual return rate.

Taxpayer perspective



Oberlin is a private college and receives no local or state government funding, yet Ohio taxpayers still receive a substantial amount of benefits from Oberlin. These benefits consist primarily of taxes that the state government will collect from the added revenue created in the state. As Oberlin students will 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 2023-24 students' working lives, the state government will have collected a present value of \$23.7 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Oberlin students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that Oberlin students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. Oberlin students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from Oberlin will generate \$3.1 million in savings to state taxpayers. Total taxpayer benefits amount to \$26.7 million, the present value sum of the added tax revenue and public sector savings.

Ohio taxpayers will receive a cumulative value of **\$26.7 million** in benefits over the course of the Oberlin students' working lives.

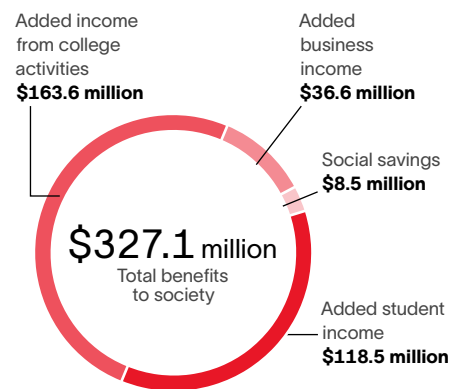
Social perspective



Society as a whole in Ohio benefits from the presence of Oberlin in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Ohio.

Benefits to society also consist of the savings generated by the improved lifestyles of Oberlin students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs

Social benefits in Ohio from Oberlin



Source: Lightcast impact model

associated with smoking, obesity, substance abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

Altogether, the social benefits of Oberlin equal a present value of \$327.1 million. These benefits include \$118.5 million in added student income, \$36.6 million in added business income, \$163.6 million in added income from college activities, as well as \$8.5 million in social savings related to health, the justice system, and income assistance in Ohio. People in Ohio invested a present value total of \$268.3 million in Oberlin in FY 2023-24. The cost includes all the college and student costs.

The benefit-cost ratio for society is 1.2, equal to the \$327.1 million in benefits divided by the \$268.3 million in costs. In other words, for every dollar invested in Oberlin, people in Ohio will receive a cumulative value of \$1.20 in benefits. The benefits of this investment will occur for as long as Oberlin's FY 2023-24 students remain employed in the state workforce.



Summary of investment analysis results

The results of the analysis demonstrate that Oberlin is a meaningful investment for students and society and generates substantial benefits to taxpayers. As shown, students receive a positive return for their investments in an education from Oberlin. At the same time, society's investment in Oberlin returns more to Ohio than it costs and creates a wide range of social benefits throughout the state.

Summary of investment analysis results



Student perspective

Ohio student perspective

Present value benefits

\$105.4 million

Present value costs

\$99.9 million

Net present value

\$5.5 million

Benefit-cost ratio	Rate of return
--------------------	----------------

1.1

5.1%

Top settlement states student perspective

Benefit-cost ratio	Rate of return
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1.8

8.4%



Taxpayer perspective

Present value benefits

\$26.7 million



Social perspective

Present value benefits

\$327.1 million

Present value costs

\$268.3 million

Net present value

\$58.8 million

Benefit-cost ratio	Rate of return
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1.2

n/a*

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



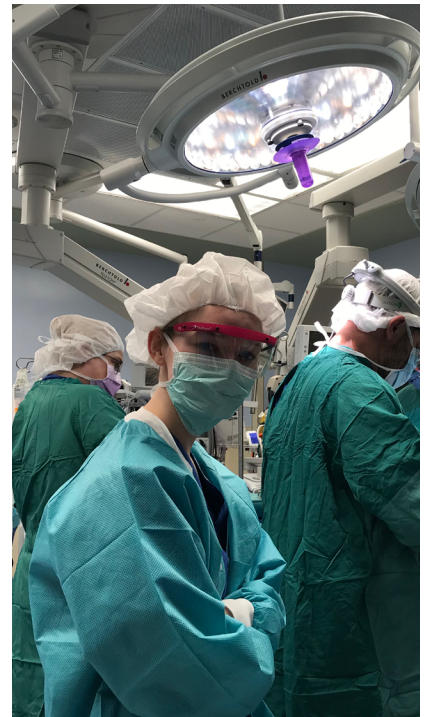
Conclusion

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

The results of this study demonstrate that Oberlin creates value from multiple perspectives. The college benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. Oberlin 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, Oberlin benefits society as a whole in Ohio 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 2023-24 academic and financial reports from Oberlin; Oberlin's alumni records matched to Lightcast's Alumni Pathways database; industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast'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.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.