



The College of Health Care Professions: Economic Value Analysis



EXECUTIVE SUMMARY

MARCH 2021

THE COLLEGE OF HEALTH CARE PROFESSIONS (CHCP), founded by physicians 30 years ago at the MacGregor Medical Association in the Texas Medical Center, has grown to become the largest allied healthcare training provider in Texas. CHCP works with over 1,500 employers to provide working adults flexible pathways to economic mobility. CHCP has been creating opportunities for students to enter meaningful professional careers, while improving quality health care in their communities.

The college plays a critical role in helping students increase their employability and achieve their individual potential. CHCP provides students with the education, training, and skills they need to have fulfilling and prosperous careers in health care. The college also supports a variety of industries in Texas, serves state businesses, and benefits society as a whole in Texas from an expanded economy and improved quality of life. The benefits created by CHCP even extend to the state government through increased tax revenues and public sector savings.

This study measures the benefits the college generates for taxpayers, along with the return for the investments made by its key stakeholder groups—students and society. In addition, it measures the economic impacts created by CHCP on the business community. The following two analyses are presented:

- **Return on investment analysis**
- **Economic impact analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2018-19.¹ CHCP provided Emsi with student and employer reported earnings data. Job titles are third party verified and salary data is verified whenever possible for their alumni. CHCP received data on the earnings of CHCP graduates prior to enrolling at CHCP and immediately after graduating from CHCP. CHCP provided Emsi with data for 24,669 alumni, 99% of whom remain in Texas after graduating from CHCP. Around 86% of alumni completed a certificate and 14% completed an associate degree. In addition, 88% are female and 12% are male. In terms of ethnicity, approximately 47% of alumni are Hispanic, 32% are white, and the remaining 21% are students of color (excluding Hispanic). CHCP also offers stackable bachelor completions programs, but because of the relatively new nature of the completion programs, they have been excluded from this study.

Almost half of alumni are medical assistants. Demand for medical assistants, in terms of job postings, has been trending upward in Texas since 2016. Sixteen percent of alumni are radiological technicians & technologists and 11% are dental assistants. Before enrolling at CHCP, alumni made an average of \$11,530 per year. More specifically, certificate students earned \$10,322 and associate degree students earned \$18,830. After graduating from CHCP in as little as nine months, for clinical programs including an employer based externship, alumni made an average of \$27,410 per year upon entry into the workforce, increasing their earnings by \$15,880 per year. Certificate completers saw an annual increase in earnings of \$15,430 and associate degree graduates an annual increase of \$18,600.



CHCP has grown to become the largest allied healthcare training provider in Texas.



¹ For the purposes of this analysis, bachelor's degree students were excluded.

RETURN ON INVESTMENT ANALYSIS



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers CHCP as an investment from the perspectives of students and society in Texas. In addition, the benefits received by Texas taxpayers are measured.

Student perspective



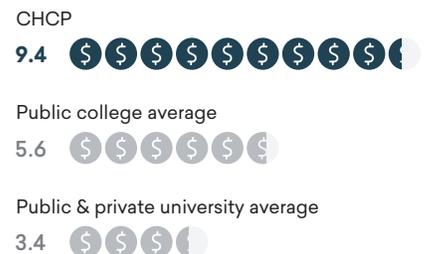
In FY 2018-19, CHCP served 7,242 students.² In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on many of these loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by CHCP's students in FY 2018-19 amounted to a present value of \$108.2 million, equal to \$68.2 million in out-of-pocket expenses (including future principal and interest on student federal loans) and \$40 million in forgone time and money.

In return for their investment, CHCP's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. From the thousands of alumni CHCP surveyed, upon re-entry into the workforce, CHCP graduates were making an average of \$15,880 more in annual earnings than before they enrolled in CHCP. Once students have completed their certificate or degree at CHCP, they are expected to receive \$705,994 in higher future earnings over their working lifetime. In FY 2018-19 alone, for the 22.3 credit hours taken (a little less than half the credits needed for a certificate), the average increase in earnings per student will amount to \$336,639 in higher earnings over a working lifetime. The present value of the cumulative higher future earnings that CHCP's FY 2018-19 students will receive over their working careers is \$1.02 billion.

The students' benefit-cost ratio is 9.4. In other words, for every dollar students invested in CHCP in FY 2018-19, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$9.40 in higher future earnings. Annually, the students' investment in CHCP has an average annual internal rate of return of 68.0%, which is very impressive compared to the U.S. stock market's 30-year average rate of return of 9.9%.

CHCP alumni will see an average increase in annual earnings of **\$15,880**.

FOR EVERY \$1 IN COSTS, CHCP STUDENTS RECEIVE MORE BENEFITS*



* The reader should note that there are other factors, beyond the institution's performance, that affect the student return on investment results. While this can provide some context around the value provided by CHCP to its students, the university and college averages include institutions located in other states and public institutions. In addition, CHCP was able to provide alumni earnings data; the comparison institutions did not provide this data for their analyses.

² Recall that for the purposes of this analysis, the 201 bachelor's degree students served in FY 2018-19 were excluded. The total headcount including bachelor's degree students was 7,443.

To provide some context to CHCP's average student benefit-cost ratio of 9.4, Emsi measured the average student return on investment of similarly sized institutions who received a study from Emsi in the past three years. The average student benefit-cost ratio across 10 similarly sized public and private universities was 3.4. The average student benefit-cost ratio across 10 similarly sized public colleges in Texas was 5.6. The reader should note that there are other factors, beyond the institution's performance, that affect the student return on investment results. While this can provide some context around the value provided by CHCP to its students, the university and college averages include institutions located in other states and public institutions. Other factors, such as differences in earnings across different states, influence the results. In addition, CHCP was able to provide earnings data of their students, the comparison institutions did not provide this data for their analyses, instead state averages were used. Regardless, the results indicate that CHCP is a strong investment option for its students.

Taxpayer perspective



CHCP received little to no Texas State taxpayer funding in FY 2018-19, yet Texas taxpayers still receive a substantial amount of benefits from the college. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As CHCP 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 2018-19 students' working lives, the state government will have collected a present value of \$218.6 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of CHCP students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' CHCP educations will generate savings in three main categories: 1) health care, 2) crime, and 3) income assistance. Improved health will lower students' demand for health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and victim costs. CHCP 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 a CHCP education will generate \$6.8 million in savings to state taxpayers. Total taxpayer benefits amount to \$225.4 million, the present value sum of the added taxes and public sector savings.

Texas taxpayers will receive a sum of **\$225.4 million** in benefits over the course of the students' working lives.

Social perspective



Society as a whole in Texas benefits from the presence of CHCP in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to higher student earnings and increased business output, which raise economic prosperity in Texas.

Benefits to society also consist of the savings generated by the improved lifestyles of CHCP 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 associated with smoking and obesity. Savings related to crime include reduced security expenditures and insurance administration, lower victim costs, and reduced expenditures by the criminal justice system. 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 CHCP equal a present value of \$3.5 billion. These benefits include \$3.5 billion in added income through students' increased lifetime earnings and increased business output, as well as \$16 million in social savings related to health, crime, and income assistance in Texas. In FY 2018-19, CHCP and its students incurred \$115.5 million in costs to operate and educate its students. This includes the college's expenditures, student expenses, and student opportunity costs.

The benefit-cost ratio for society is 30.1, equal to the \$3.5 billion in benefits divided by the \$115.5 million in costs. In other words, for every dollar invested in CHCP, people in Texas will receive a cumulative value of \$30.10 in benefits. The benefits of this investment will occur for as long as CHCP's FY 2018-19 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that CHCP is a strong investment for students and society and generates significant benefits for taxpayers. As shown, students receive a great return for their investments in a CHCP education. At the same time, society's investment in CHCP returns more to Texas than it costs and creates a wide range of social benefits throughout Texas. Even though taxpayers do not invest in CHCP, they will still receive substantial benefits throughout the students' working lifetimes.



STUDENT PERSPECTIVE

Present value benefits

\$1.02 billion

Present value costs

\$108.2 million

Net present value

\$906.9 million

Benefit-cost ratio

9.4

Rate of return

68.0%



TAXPAYER PERSPECTIVE

Present value benefits

\$225.4 million



SOCIAL PERSPECTIVE

Present value benefits

\$3.5 billion

Present value costs

\$115.5 million

Net present value

\$3.4 billion

Benefit-cost ratio

30.1

Rate of return

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.

ECONOMIC IMPACT ANALYSIS



CHCP promotes economic growth in Texas through its direct expenditures and the resulting expenditures of students and state businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. In addition, CHCP is a primary source of higher education to Texas residents and a supplier of trained health care workers to state industries, enhancing overall productivity in the state workforce.

Operations spending impact



CHCP adds economic value to Texas as an employer of state residents and a large-scale buyer of goods and services. In FY 2018-19, the college employed 495 full-time and part-time faculty and staff, 93% of whom lived in Texas. Total payroll at CHCP was \$31.6 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$28.9 million on day-to-day expenses related to facilities, supplies, and professional services.

CHCP's day-to-day operations spending added \$35.5 million in income to the state during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-state spending of the college and its employees, and a downward adjustment to account for funding that the college received from state sources. The \$35.5 million in added income is equivalent to supporting 552 jobs in the state.

Alumni impact



Since its establishment, students have studied at CHCP and entered the state workforce with greater knowledge and new skills. Today, thousands of former CHCP students are employed in Texas. As a result of their CHCP educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, CHCP alumni generated \$433.6 million in added income for the state economy, which is equivalent to supporting 5,180 jobs.

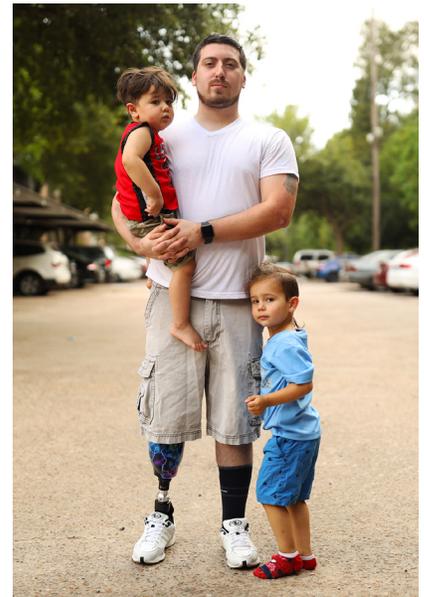
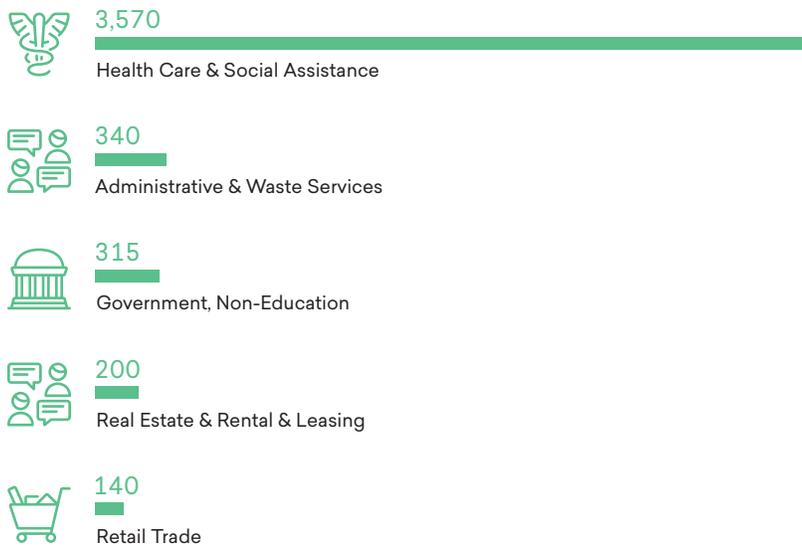


Total impact

CHCP added \$469.1 million in income to the Texas economy during the analysis year, equal to the sum of the operations spending impact and the alumni impact. CHCP's total impact can also be expressed in terms of jobs supported. The \$469.1 million impact supported 5,732 state jobs, using the jobs-to-sales ratios specific to each industry in the state. In addition, the \$469.1 million, or 5,732 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, CHCP's spending and alumni in the Health Care & Social Assistance industry sector supported 3,570 jobs in FY 2018-19. These are impacts that would not have been generated without the college's presence in Texas.

The additional income of **\$469.1 million** created by CHCP is equal to supporting **5,732 jobs** in Texas.

CHCP IMPACTS BY INDUSTRY (JOBS SUPPORTED)



CONCLUSION

The results of this study demonstrate that CHCP creates value from multiple perspectives. CHCP enriches the lives of students by quickly and significantly raising their lifetime earnings and helping them achieve their individual potential. The programs are stackable, which allows the certificates to fully transfer into CHCP associate completion programs as the student continues to grow their education and career. The college benefits state taxpayers through increased tax receipts and a reduced demand for government-supported social services. CHCP benefits society as a whole in Texas by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students. Finally, the college benefits state businesses by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2018-19 academic and financial reports from CHCP, 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 investment effectiveness and economic impact. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.

CHCP enriches the lives of students by **raising their lifetime earnings** and helping them **achieve their individual potential.**



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 2,200 economic impact studies for institutions across three countries. For more information about Emsi's products and services, visit www.economicmodeling.com.