

AN INDEPENDENT ASSESSMENT OF THE

Economic Impacts

of

Indian River State College



INDIAN RIVER
STATE COLLEGE

August 2024





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Dear Taxpayer,

Florida is ranked fourth in the United States in terms of Gross Domestic Product (GDP) revenue in 2023. Continued workforce development is the driving force to fuel economic growth throughout Florida, and the Florida College System (FCS) is an integral part of this workforce development and continued economic growth. Postsecondary learning plays a crucial role in developing the skillsets required for technical careers and bolsters the businesses and lives of Floridians. Developing and maintaining a specialized workforce is imperative for diverse communities throughout Florida. This is especially true for the area served by Indian River State College (IRSC), where labor force participation rates have increased to 55.3 percent over the last five years.

IRSC provides more than 130 certificate and degree programs for individuals within Indian River, Martin, St. Lucie, and Okeechobee counties. IRSC is the 2019 winner of the prestigious Aspen Prize for Community College Excellence, which recognizes colleges for their high quality of academic programs, as well as labor market outcomes, and other impactful metrics. Building on this demonstrated success, IRSC has entered into partnerships with private businesses that not only help generate revenue for the college, but also provide additional knowledge and training opportunities for IRSC students.

Florida TaxWatch undertakes this independent research project to assess the economic impacts of IRSC on Florida’s economy. On behalf of our members and Board of Trustees, I am pleased to present this report and its findings, and I look forward to discussing our findings with policymakers in advance of the 2025 legislative session.

sincerely,

DOMINIC M. CALABRO
PRESIDENT AND CHIEF EXECUTIVE OFFICER

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KEY FINDINGS

Indian River State College (IRSC)

- With its main campus located in Fort Pierce, IRSC provides more than 130 certificate and degree programs for individuals throughout its four-county service area.
- In 2019, IRSC was the winner of the prestigious Aspen Prize for Community College Excellence which recognizes colleges for their high quality of completion and transfer rates for programs, as well as labor market outcomes and other impactful metrics.
- IRSC provides high-quality educational and technical programs for nearly 30 percent less (\$2,764) than the national average cost of tuition and fees (\$3,860) for a two-year program.
- During the 2021-22 academic year, 4,248 students earned a degree or credential from IRSC:
 - 518 students graduated with an Associate in Science degree;
 - 1,761 students graduate with an Associate in Arts degree;
 - 8 students graduated from an Educator Preparation Institute;

- 1,249 students graduated from Certification Programs; and
- 712 students graduated with a Bachelor's degree.

- For the 2021-22 school year, IRSC had 22,353 total students enrolled in classes throughout its four-county service area. More than one-third (6,752 students) were first generation college students.
- One factor that may contribute to the low percentage of student loan debt at IRSC is its PROMISE Program, which provides students attending IRSC in person a two-year scholarship that covers the cost of tuition. This program, initiated during the 2022-23 school year, has helped more than 4,200 first time in college students since its inception. This has also helped to reduce the financial burden on these individuals' post-graduation and reduces the student loan default rate for the college as well.

Partnerships

IRSC tries to create financial stability through partnerships with private businesses that not only help generate revenue, but also provide additional knowledge and training to students:

Indiantown High School

Opened its doors in 2022 for incoming ninth grade students in the Martin County school district and offers a traditional curriculum as well as career development and dual enrollment opportunities for its students. This charter high school had 60 students enrolled during the 2022-23 school year.

Clark Advanced Learning Center (Clark)

provides opportunities for high-school sophomores, juniors, and seniors to earn college credits with no cost to the students (books and tuition are covered by IRSC). Clark has 250 students enrolled and approximately 88 graduates for the 2022-23 school year.

Edward Via College of Osteopathic Medicine (VCOM)

Guarantees an admission interview for qualified IRSC students with a bachelor's degree in biology, enabling them to have a leg up in the admissions process. VCOM produces 162 physicians per year and creates 80 jobs in other areas of the economy, with an economic output of \$15 million.

Blue Horizon Group (BHG)

An emerging business with plans to provide primary medical care, behavioral health assessments and therapy, trauma

counseling, and substance abuse counseling to active and retired military personnel. This partnership will provide hands-on training to the students of Health Science and Nursing and construction of a new building. With a one-time construction cost of \$110 million, this partnership has the potential to create an economic impact of \$17.3 million each year from the impact of services and labor.

Rock The Harbor Television (RTH TV) is a channel service providing niche material to households, covering content in sports, music, and travel. IRSC has provided an on-campus space for the RTH TV building. In return, IRSC receives 25 percent of their proceeds for providing this space. Additionally, about 10 students from all media majors intern at RTH TV, which produces \$1.1 million in economic impact from labor.

Data Campus through a public-private partnership, IRSC plans to establish a 205-acre data campus in Okeechobee, with a construction build-out of \$100 million. This data campus will provide a learning lab for current IRSC students in related fields and will provide employment opportunities for them after graduating. The data campus will create an estimated 400 jobs and an economic output of \$82 million.



Coast Guard Building Renovation

IRSC has partnered with a local developer to restore and maintain the historic Coast Guard House in Fort Pierce. It will serve as an event and entertainment venue in downtown Fort Pierce. The renovation is expected to cost a minimum of \$2 million and will generate an additional economic impact of \$0.5 million during construction. The resulting impacts of tourism from events and entertainment is forecasted to generate \$1.8 million in local spending and contribute an additional \$75,000 per year for IRSC.

Rebuild Florida Workforce Recovery Training Program (RFWRT)

provided three programs that were “tuition-free” and provided instruction and training that prepare individuals to enter the workforce upon completion of one semester in the program. This program focused on three essential workforce areas: construction; heating, ventilation, and air conditioning (HVAC); and solar energy.

Earnings and Income

85% of IRSC undergraduate students with bachelor’s degrees found full-time employment after graduating. The average full-time annual salary of these bachelor’s degree graduates for IRSC in 2021 was \$56,660.

Return on Investment (ROI) IRSC and its partnerships create more than

6,000 JOBS and have an impact on personal income of more than \$300 million. The total economic output of IRSC’s operations is valued at approximately \$1 billion. Alumni spending creates more than 9,000 jobs annually and has an impact of more than \$1.7 billion dollars in total economic output. **Every \$1 spent by IRSC generates an additional (net) economic output of \$6.69 for the Florida economy.**

Construction spending on the new projects amounts to \$252.5 million and the projected recurring expenses for the new projects are valued at \$50.6 million. This brings a total investment of \$303.1 million for the expansion. The total economic output from the expansion is estimated at \$638.8 million.

Although the partnerships mentioned in this report are fairly new, they have

already started to provide economic gain. In per dollar value, every \$1 spent by IRSC, on expansion projects, provides an additional (net) economic output of \$1.10 for the Florida economy.

Conclusions

IRSC is a prime example of how successfully using resources and partnerships can produce high-quality programs and degrees to help meet Florida’s growing workforce demand. IRSC leverages opportunities outside their state funding through partnerships with businesses.

IRSC has used these resources to develop robust and innovative programs to help its students develop a critical network of career opportunities post-graduation from a certificate or degree program right in its backyard, serving Indian River, Martin, Okeechobee, and St. Lucie counties. This unique approach has not only encouraged impressive performance outcomes for the college but has also improved the local economies in and around IRSC’s service area.

IRSC is operating in a dynamic and financially sustainable way so that its students can continue to benefit from high-quality education and technical training programs without incurring a significant amount of student debt.

IRSC, through its business partnership structure, produces a workforce which meets the needs of the community, creates economic uplift, and enhances the standard of living in IRSC’s service area.



INTRODUCTION

Florida has a robust state college system that significantly contributes to higher education access for a wide variety of individuals from all different backgrounds. Appointed boards of trustees manage the Florida College System (FCS), and the colleges are under the jurisdiction of the State Board of Education.¹ This system includes 28 colleges that offer students an opportunity to complete degree programs (e.g., Bachelor of Science, Bachelor of Applied Science, Associate of Arts, Associate in Science, and Associate in Applied Science) as well as career and technical instruction designed to prepare students for employment. These career and technical programs typically focus on the critical workforce needs of their respective regions.²

Investing in the FCS is critical to the continued success of Florida's economy and workforce development. In FY 2022-23, 268,785 full-time equivalent individuals were enrolled in the FCS.³ The FCS is one of the primary drivers of higher education attainment for Floridians, and it provides diverse programs and services at a low cost without sacrificing the quality of education available to its students.

Over the years, Florida TaxWatch has continued to research and analyze state colleges' impacts on individuals,

communities, and the state and how they contribute to developing critical workforces in Florida. In 2022, Florida TaxWatch released "The Economic and Fiscal Impacts of Education and Training Beyond High School in Florida," which examines the economic, fiscal, and societal benefits of education and training post-high school. This report referenced several state colleges and the unique advantages available to students attending these schools compared to those who do not attend one of these schools.

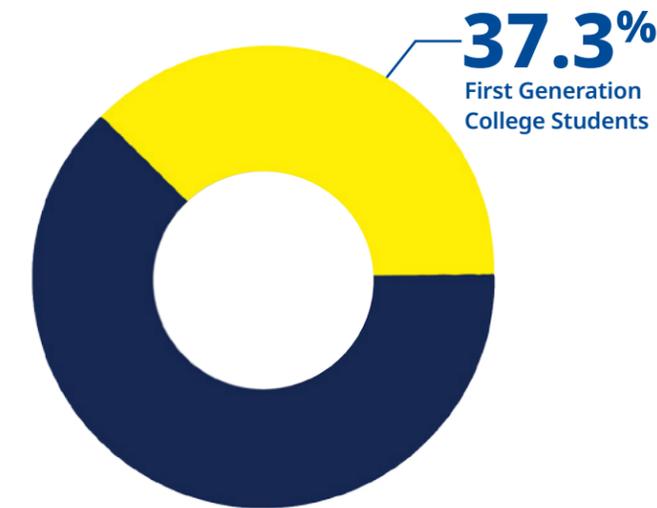
Florida's prosperous economy and building a sustainable workforce depend on the innovative approaches and partnerships that businesses and state colleges have with one another. Florida TaxWatch undertakes this independent research project to estimate the fiscal and economic impacts of Indian River State College (IRSC) on its students, the surrounding community, and the state. Florida TaxWatch will use the IMPLAN economic modeling software to estimate the direct, indirect, and induced economic benefits of IRSC's academic programs and partnerships. Florida TaxWatch will then compare the estimated economic benefits to the public and private investments to determine IRSC's net return on investment (ROI).

INDIAN RIVER STATE COLLEGE

Indian River State College (IRSC) is home to five campuses that provide full-service educational facilities to students in and around the Treasure Coast region of the state. With its main campus located in Ft. Pierce, IRSC serves the counties of Indian River, Martin, Okeechobee, and St. Lucie. IRSC provides more than 130 certificate and degree programs for individuals throughout its service area. In 2019, IRSC was the winner of the prestigious Aspen Prize for Community College Excellence which recognizes colleges for their high quality of completion and transfer rates for programs, as well as labor market outcomes and other impactful metrics.⁴ IRSC was also a finalist for this same award in 2015 and 2017.

Student Profile

The student population at IRSC is highly diverse. Of the 293,493 full-time equivalent students enrolled in FCS institutions during the 2020-21 term, 10,859 (3.7 percent) attended IRSC.⁵



During the 2021-22 school year, IRSC had 6,752 students (37.3 percent) who were first generation college students.⁶ In total enrollment, which includes part-time and full-time enrollment in college programs, for the 2021-22 school year, IRSC had 22,353 total students enrolled in classes throughout their various campus locations. Of these 22,353 students, 61 percent were female, and 39 percent were male. In the 2022-23 school year, the total number of students enrolled decreased to 22,082, with 59.9 percent female students and 40.1 percent male students.

Service Area

IRSC has several campus locations throughout four different counties (Indian River, Martin, Okeechobee, and St. Lucie).

⁴ Aspen Institute, "The 2019 Aspen Prize for Community College Excellence," April 2019.

⁵ Florida Department of Education, "FACT BOOK 3.2.2T Florida College System FTE Enrollment: Funded, Lower And Upper Division 2020-21 FTE-3," accessed on May 23, 2023, retrieved from <https://www.fldoe.org/accountability/data-sys/CCTCMIS/reports.html>.

⁶ Indian River State College, "Pioneer Data Points 2021-22 State Reporting Year Indian Rivier State College," retrieved from <https://www.irsc.edu/about/student-achievement-data.html>, accessed on October 31, 2023.

¹ Florida Department Of Education, "Florida College System," Accessed On May 23, 2023, Retrieved From <https://www.fldoe.org/Schools/Higher-Ed/FI-College-System/>.

² Ibid.

³ Office Of Economic And Demographic Research, "Education Estimating Conference Florida College System Enrollment," February 16, 2023.



IRSC serves **33.6 percent of all 2021-22 high school graduates** within its service area.⁷ Many of these graduates are part of the programs that IRSC runs through the county high schools which provide these students the opportunity to develop vocational workforce skillsets such as welding, construction, and Heating, Ventilation, and Air Conditioning (HVAC).⁸ Programs such as these provide students in middle and high school with opportunities to develop critical workforce and technical skills that contribute to the successful economy seen today in Florida by creating and maintaining a strong workforce pipeline

Tuition and Student Debt

Among other state colleges, IRSC is ranked among the top ten for lowest tuition and fees per credit hour for in-state students. Within its service area, IRSC has the lowest tuition and fees. **The annual tuition rates for other Treasure Coast colleges and universities range from \$2,496 to \$23,248.** For the 2022-23 school year, the estimated full-time tuition and fees for in-state students at IRSC is \$2,764.⁹ On a national level,

the average tuition and fees for a two-year college is \$3,860; meanwhile,

IRSC provides high-quality educational and technical programs for nearly...

30% LESS THAN ←

The national average cost of tuition and fees for a two-year program

The overall percentage of full-time undergraduates at IRSC receiving federal student loans and the average amount of individual student loans are lower than most other colleges and universities in the Treasure Coast region and even throughout Florida. During the 2021-2022 school year, four percent of full-time beginning students received federal student loans to attend IRSC, with an average amount of \$3,402 per year. For the other colleges and universities in the Treasure Coast area,¹⁰ the percentage of full-time beginning students that took out federal loans ranged from 30 percent to 59 percent. The average student loan amounts for these other colleges and universities in the region ranged from \$4,888 to \$10,857.¹¹

One factor that may contribute to the low percentage of student loan debt at IRSC is its PROMISE Program, which provides students attending IRSC in person a two-year scholarship that covers the cost of tuition.¹²

This scholarship program, initiated during the 2022-23 school year, is different from many traditional scholarship programs because it does not look at household income or assess the financial need of the student. Instead, these scholarships are awarded to every student that attends IRSC in person to help cover the cost of their higher education.¹³ This program has helped more than 4,200 first time in college students since its inception.

This has also helped to reduce the financial burden on these individuals' post-graduation and reduces the student loan default rate for the college as well. The 2020 cohort default rate for IRSC students was zero percent.¹⁴ In contrast, other colleges and universities in the Treasure Coast area have default rates ranging from 1.4 percent to 2.7 percent.¹⁵

Undergraduate Certificate and Degree Program

During the 2021-22 academic year, a total of 4,248 students earned a degree or credential from IRSC. The number of graduates by type of degree is summarized below:¹⁶

-  **518** STUDENTS GRADUATED WITH an associate in science degree
-  **1,761** STUDENTS GRADUATED WITH an associate in Arts degree
-  **8** STUDENTS GRADUATED FROM an educator preparation institute
-  **1,249** STUDENTS GRADUATED FROM certification programs
-  **712** STUDENTS GRADUATED WITH a bachelor's degree

¹² Indian River State College, "IRSC PROMISE Program, retrieved from <https://irsc.edu/admissions/irsc-promise.html>, accessed on June 22, 2023.

¹³ Ibid.

¹⁴ National Center for Education Statistics College Navigator, "Cohort Default Rates," retrieved from <https://nces.ed.gov/collegenavigator/?q=indian+river+state+college&s=all&id=134608#fedloans>, accessed on June 21, 2023.

Note: cohort default rate is the percentage of a school's borrowers who enter repayment on certain Federal Family Education Loan (FFEL) Program or William D. Ford Federal Direct Loan (Direct Loan) Program loans during a particular federal fiscal year (FY), and default or meet other specified conditions prior to the end of the second following fiscal year.

¹⁵ Supra, see footnote 12.

¹⁶ Florida Department of Education, "Report for the Florida College System 2023 Fact Book," retrieved from <https://www.fldoe.org/accountability/data-sys/CCTCMIS/reports.shtml>, accessed on November 7, 2023.

⁹ Aspen National Center for Education Statistics College Navigator, "Indian River State College," retrieved from <https://nces.ed.gov/collegenavigator/?q=indian+river+state+college&s=FL&id=134608#expenses>, accessed on June 21, 2023.

¹⁰ Eastern Florida State College, Keiser University, and Southeastern College.

¹¹ National Center for Education Statistics College Navigator, retrieved from <https://nces.ed.gov/collegenavigator/>, accessed on June 21, 2023.

¹² Indian River State College, "IRSC PROMISE Program, retrieved from <https://irsc.edu/admissions/irsc-promise.html>, accessed on June 22, 2023.

¹³ Ibid.

PARTNERSHIPS

The business model IRSC uses is quite different than that of other colleges. Along with state funding, IRSC tries to create financial stability through partnerships with private businesses that not only help generate revenue, but also provide additional knowledge and training to students. Although this is a new approach, there is empirical evidence projecting the gain it will provide to Florida's economy in the coming years.

Indiantown High School

IRSC continues to invest in local communities and students to help meet the needs of the community and its workforce through a recent development of a charter school. The charter high school, Indiantown High School, opened its doors in 2022 for incoming ninth grade students in the Martin County school district and offers a traditional curriculum as well as career development and dual enrollment opportunities for its students.¹⁷

Clark Advanced Learning Center

A second Martin County charter high school, Clark Advanced Learning Center (Clark) provides opportunities for high-school sophomores, juniors, and seniors to earn college credits with no cost to the students --- books and tuition are covered by IRSC.¹⁸ Clark has 250 students enrolled and approximately 88 graduates for the 2022-23 school year. Every student at Clark must take an internship course and five of the 88 recent graduates were hired after completing their internships.¹⁹

Health Sciences and Nursing Programs

The Health Sciences and Nursing Programs at IRSC have expanded their enrollments in Fall 2023 by 13 percent, from 290 to 325. With a brand-new nursing facility on their Pruitt campus, **IRSC has doubled the number of graduates of associate degree nursing (ADN) from 150 to 300 in the 2025-26 academic year.**²⁰ In addition to the fiscal impact of this program, it also focuses on workforce development, tackling the prevalent physician and nurse shortage.

To prepare and properly train the future workforce, IRSC has formed two partnerships with major companies in the medical field. The first one is a cooperative partnership, formed in 2021, with Edward Via College of Osteopathic Medicine (VCOM). This partnership guarantees an admission interview for qualified IRSC students with a bachelor's degree in biology, enabling them to have a leg up in the admissions process. VCOM

operations on the IRSC campus generate spending of \$48.7 million, of which \$40 million is construction costs (Table 1). Recurring spending and alumni spending due to VCOM total \$229.2 million, which is the static impact of this program (influx of money into the economy) per year.

Additionally, **VCOM produces 162 physicians per year and creates 80 jobs in other areas of the economy**, with an economic output of \$15 million.

The second partnership of IRSC is with the Blue Horizon Group (BHG). BHG is an emerging business with plans to provide primary medical care, behavioral health assessments and therapy, trauma counseling, and substance abuse counseling to active and retired military personnel. This partnership will provide hands-on training to the students of Health Science and Nursing and construction of a new building. With a one-time construction cost of \$110 million, this partnership creates a dynamic economic effect of \$17.3 million each year from the impact of services and labor.

RTH Television

Rock The Harbor Television (RTH TV) is a channel service providing niche material to households, covering content in sports,

music, and travel. IRSC has provided an on-campus space for the RTH TV building. In return, IRSC receives 25 percent of their proceeds for providing this space.²¹

Additionally, it enables brand activation, as well as opening up opportunities for students in the media majors to form corporate connections. Annually, around 10 students from all media majors intern at RTH TV, which produces a static effect of \$1.1 million from the economic impact of labor.

Data Campus

Through a public-private partnership, IRSC plans to establish a 205-acre data campus in Okeechobee,²² with a construction build-out of \$100 million. This data campus will provide a learning lab for current IRSC students in related fields and will provide employment opportunities for them after graduating. It will provide a 24/7 data center, storage, servers, power distribution systems, and so much more to the local community, as well as services to the surrounding community. The data campus will create an estimated 400 jobs and an economic output of \$82 million.

Coast Guard Building Renovation

IRSC has partnered with a local development group to restore and

¹⁷ Indian River State College, "Indiantown High School," retrieved from <https://irsc.edu/about/indiantown-high-school.html>, accessed on June 23, 2023.

¹⁸ Clark Advanced Learning Center, "About Clark," retrieved from <http://www.clarkadvancedlearningcenter.org/p/3/about-clark>, accessed on October 31, 2023.

¹⁹ July 12, 2023, Meaghan Ashurst, email received by Jessica Cimijotti, Jui Shah, and Bob Nave.

²⁰ September 14th, 2023, Meaghan Ashurst, email received by Bob Nave, Jessica Cimijotti, and Jui Shah.

²¹ July 12th, 2023, Meaghan Ashurst, email received by Bob Nave, Jessica Cimijotti, and Jui Shah.

²² Ibid.

maintain the historic Coast Guard House in Fort Pierce. It will serve as an event and entertainment venue in downtown Fort Pierce. This partnership will help maintain the historic site and also provide ample intern and learning opportunities for hospitality and culinary students at IRSC to gain practical training. The renovation is expected to cost a minimum of \$2 million and will generate an additional economic impact of \$0.5 million during construction. The resulting impacts of tourism from events and entertainment is forecasted to generate \$1.8 million in local spending and contribute an additional \$75,000 per year for IRSC.²³

Rebuild Florida Workforce Recovery Training Program

The Rebuild Florida Workforce Recovery Training (RFWRT) program at IRSC, which ended in 2023, provided three programs that were “tuition-free”²⁴ and provided instruction and training that prepare individuals to enter the workforce upon completion of one semester in the program.²⁵ This program focused on three essential workforce areas: Construction; Heating, Ventilation, and Air Conditioning (HVAC); and Solar Energy. The funding for this program was from the Federal Community Development Block Grant, which was supported by a significant increase in investment by the college and recurring funding from the state.

IRSC tries to create financial stability through partnerships with private businesses that not only help generate revenue, but also provide additional knowledge and training to students

²³ September 14th, 2023, Meaghan Ashurst, email received by Bob Nave, Jessica Cimijotti, and Jui Shah.

²⁴ Note: The term “tuition-free” means that students in these programs do not have to pay for their tuition and fees part of their educational programs, however, cost of living, textbook, and material purchases outside of the traditional tuition rates and fees are not included in the term “tuition-free.” Students are often still responsible for paying for these additional items outside of tuition costs.

²⁵ Indian River State College, “Rebuild Florida Workforce Recovery Training,” retrieved from <https://irsc.edu/programs/rebuild-florida.html>, accessed on May 9, 2023.

ECONOMIC IMPACTS

To project the economic impacts of IRSC, Florida TaxWatch along with our good friends at the Regional Economic Consulting (REC) Group, rely on IMPLAN, an input-output economic software model that projects direct, indirect, and induced impacts of IRSC’s spending and partnership investments.²⁶

Earnings and Income

The Florida Education and Training Placement Information Program (FETPIP) collects information for high school students, state college students, and university students, and tracks those that have graduated, exited, or completed a public education or training program across the state.²⁷ Based on the latest FETPIP data from the 2020-21 academic year,



The average full-time annual salary of these bachelor’s degree graduates for IRSC in 2021 was \$56,660.²⁹ In comparison, bachelor’s degree graduates from Keiser University and Florida Atlantic University earn from \$37,335 to \$53,644.³⁰

When calculating the impact of attending college, the financial differential between those who enter the workforce immediately out of high school versus those who attend college, factoring in the cost of tuition of the program, needs to be considered. Assuming a human has a productive life³¹ of 30 to 35 years, the average earning of a high school graduate in 2020 was around \$25,000 annually.³² Students graduating from IRSC saw an average salary increase of \$15,327 when entering their first job. Graduates of higher education saw an average earning of \$50,000 (associate degree), \$59,000 (bachelor’s degree), and \$65,000 (master’s degree), whereas a high school graduate’s earning did not have a significant increase.³³

This makes IRSC high impact and cost effective over the course of a lifetime. The kind of academic and technical

²⁶ Refer to Appendix for details on IMPLAN

²⁷ Section 1008.39, Florida Statutes.

²⁸ Annual salary information and full-time employment information for associate degrees and certificate degrees are not available through the FETPIP.

²⁹ Florida Department of Education, “Florida College System 2020-2021 Bachelor’s Degree Completer Outcomes 2021 Fall Findings,” retrieved from <https://www.fldoe.org/core/fileparse.php/7592/urlt/FCS2021-Bach-CompSch.pdf>, accessed on June 23, 2023.

³⁰ U.S. Department of Education, “College Scorecard,” retrieved from <https://collegescorecard.ed.gov/>, accessed on July 5, 2023.

³¹ A productive life means the number of years humans generally spend in the workforce after the age of 22.

³² Florida Department of Economic Opportunity – Bureau of Workforce Statistics and Economic Research, “Outcomes for Graduates of Florida’s Public Postsecondary Educational Institutions,” May 2023

³³ Ibid.





programs IRSC offers and partnerships it harbors with businesses give an edge to the students studying there. According to Florida Commerce, the ten industries with the fastest growing workforce by 2030 include health sciences and biology, hospitality and management, and information technology security, all programs that are offered at IRSC. This means that current and future graduates of IRSC will have an upper hand in the workforce with a degree from IRSC as well as numerous connections in the industry from their training partnerships through college.

Return on Investment (ROI)

Return on investment (ROI) is a measure of an investment's profitability (return) relative to the cost of the investment. ROI is calculated by dividing the benefit (return) by the cost of the investment, with the ROI expressed as a ratio or percentage. The economic impact IRSC has on the community is the result of investments made by the state and by IRSC and its partnerships.

Economic impacts from investments can be categorized into two types: static and dynamic. Static impacts refer to the actual direct expenditures that an institution incurs. Expenditures include labor and

operating costs, capital expenditures, day-to-day student spending, and lifetime spending of the graduates. All expenditures are considered direct costs to be used as inputs to estimate the total direct, indirect, and induced effects. These direct, indirect, and induced effects are dynamic impacts and refer to the "ripple" effects on the economy from those expenditures.³⁴ Using the IMPLAN Model, Tables 1 and 2 show the impacts of IRSC in terms of job creation, personal income, Gross Domestic Product (GDP), and total economic output.

To calculate an ROI for IRSC, Florida TaxWatch looks at the total output of the college's operations against the initial investment made in IRSC (state and non-state funding). In terms of total economic output, only the value related to college operations (\$1,002.5 million) identified in Table 1 is included because that resonates to a value of a specific year (2022). The total economic output related to alumni spending is not considered in the formula because that value reflects the dollar amount of one graduating cohort through their 30-year work-life.

For the value of investments, Florida TaxWatch uses the funding amount found in the Florida Auditor General Report of

**TABLE 1
SUMMARY OF ECONOMIC IMPACT (\$MILLIONS) OF IRSC BY ACTIVITY**

	JOBS	PERSONAL INCOME	VALUE-ADD (GDP)	TOTAL OUTPUT
COLLEGIATE OPERATIONS	6,101	\$361.5	\$543.2	\$1,002.5
ALUMNI SPENDING	9,435	\$526.5	\$988.6	\$1,727.8
TOTAL	15,536	\$888.0	\$1,531.8	\$2,730.3

SOURCE: IMPLAN BY REC GROUP (IN \$ MILLIONS)

In Table 1, "College Operations" include construction projects, operating expenses, and day-to-day student spending. The impact created due to these operations is reflected in values of Table 1. "Alumni Spending" includes the earnings and spending by alumni of IRSC as they experience better opportunities and higher earning potential throughout their careers. The impact generated is a result of IRSC alumni activity in Florida.

**TABLE 2
SUMMARY OF ECONOMIC IMPACT OF IRSC BY EXPENDITURE**

	CONSTRUCTION SPENDING	RECURRING SPENDING	
		INDIAN RIVER STATE COLLEGE	EXPANSION
JOBS	2,922	2,616	563
PERSONAL INCOME	\$178.6	\$147.5	\$35.5
VALUE ADD (GDP)	\$257.0	\$231.0	\$55.2
TOTAL OUTPUT	\$527.9	\$363.7	\$110.9

SOURCE: IMPLAN BY REC GROUP (IN \$ MILLIONS)

In Table 2, "Jobs" refers to the number of jobs created due to the spending on college operations and alumni activity. "Personal income" shows the total value of labor income that stays in Florida as a result of IRSC operations and graduates. "Value-add" represents the dollar value that IRSC adds to the economy from their services in education; in other words, their contribution to the GDP of Florida. "Total Output" is the impact of IRSC on all sectors of the economy, from manufacturing to the final products created directly or indirectly because of its operations.



³⁴ Refer to Appendix for more detail on dynamic impacts.



2022 for IRSC--- amounting to \$130.3 million.³⁵ The net student tuition and fees found in the report are not considered as these are already reflected under "College Operations."

As shown in Table 1, IRSC and its partnerships create more than 6,000 jobs and have an impact of over \$300 million on personal income. The total economic output IRSC's operations impact is valued at approximately \$1 billion. The creation of economic activity due to alumni spending is a large amount. It creates more than 9,000 jobs annually and has an impact of more than \$1.7 billion dollars in total economic output. Using the methodology mentioned above, in per dollar value, every \$1 spent by IRSC generates an additional (net) economic output of \$6.69 for the Florida economy.³⁶

To calculate the ROI for only the expansion projects of IRSC, the economic impact needs to be studied in terms of expenditures shown in Table 2. The impact on jobs, personal income, GDP, and total economic output due to college operation expenses can be divided into two types --- construction spending and recurring expenses. Construction spending is a one-time expense made

by IRSC. In this case, the construction spending includes only the expenses for new construction on campus. Recurring expenditures includes the day-to-day operating costs of the college and student spending in the area, so it includes both the functioning of the current facilities of IRSC and the functioning of the new projects on campus.

As reported by IRSC, the construction spending on the new projects amounts to \$252.5 million and the projected recurring expenses for the new projects are valued at \$50.6 million. This brings a total investment of \$303.1 million for the expansion. The total economic output gained from the expansion is calculated by adding the total output gained due to construction spending (\$527.9 million) and the total output gained from the recurring expenses of the expansion (\$110.9 million) -- giving us a total economic output of \$638.8 million.

As shown is Table 2, with their construction expenditure (for both maintenance and on new projects), IRSC produces 2,922 jobs and a total economic output of approximately \$528 million, double the initial expenditure.³⁷ The annual functioning of IRSC (recurring expenses) results in the creation of 3,179 jobs, of which 563 are a result of the new projects. These produce a total economic output of \$474.6 million, of which \$110 million is a result of IRSC's new projects and partnerships. Although the partnerships mentioned in this report are fairly new, they have already started to provide economic gain. In per dollar value, every \$1 spent by IRSC, on expansion projects, provides an additional economic output of \$1.10 for the Florida economy.³⁸

IRSC PRODUCES



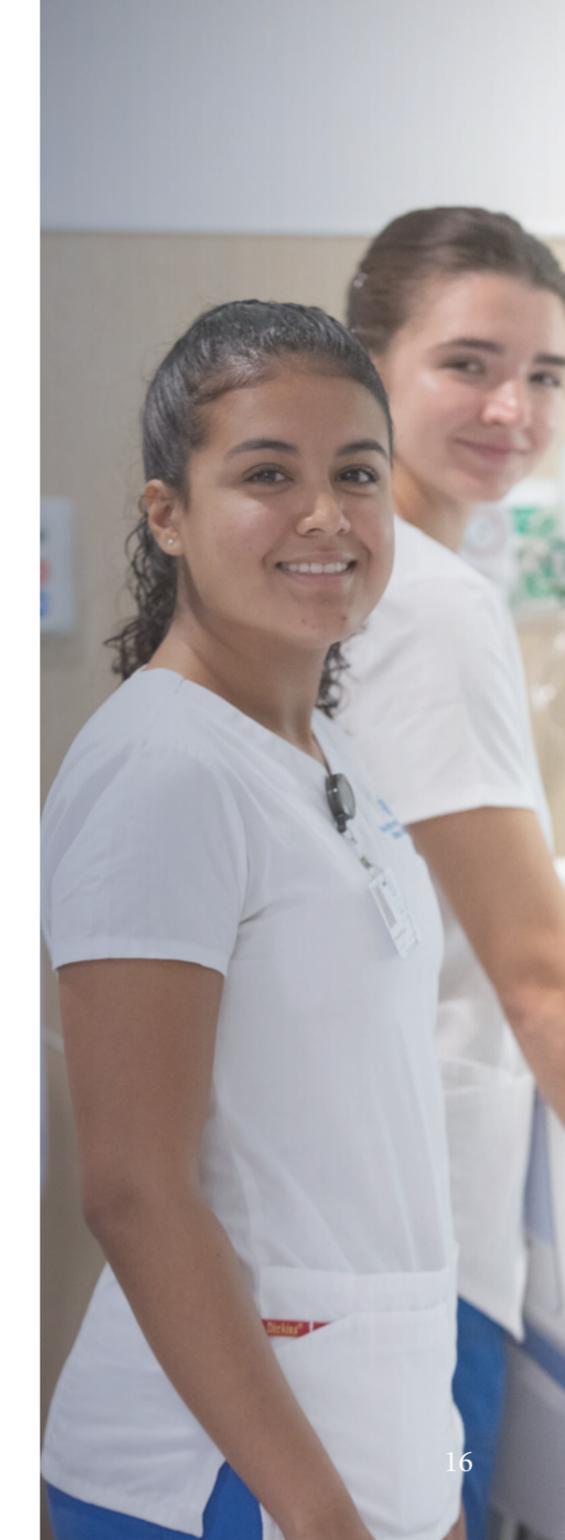
2922
jobs



\$474.6
million economic
output



\$110
million toward
new projects



³⁵ State of Florida Auditor General, "Financial Audit, Indian River State College, for the Fiscal Year Ended June 30, 2022," Report No. 2023 - 129, March 2023.

³⁶ Calculation: Total Economic Output divided by the Total Funding provided = (\$1002.5 million/\$130.3 million) = 7.69 (\$1 + \$6.69).

³⁷ Mentioned in methodology: \$252.5 million.

³⁸ Calculation: Total Economic Output of new projects (from Table 2) divided by construction expenditure of new projects (from methodology) = (\$638.8 million/\$303.1 million) = 2.10 (\$1 + \$1.10).



CONCLUSIONS

IRSC has a unique set of programs and partnerships that results in elevated levels of economic activity centered around IRSC's service area. IRSC is a prime example of how successfully using resources and partnerships can produce high-quality programs and degrees to help meet Florida's growing workforce demand. Under the leadership of President Timothy Moore, IRSC leverages opportunities outside their state funding through partnerships with businesses. This approach is what sets IRSC apart from most other state colleges. IRSC has used these resources to develop robust and innovative programs to help its students develop a critical network of career opportunities post-graduation from a certificate or degree program right in its backyard, serving Indian River, Martin, Okeechobee, and St. Lucie counties. This unique approach has not only encouraged impressive performance outcomes for the college but has also improved the local economies in and around IRSC's service area.

One thing is clear—IRSC is operating in a dynamic and financially sustainable way so that its students can continue to benefit from high-quality education and technical training programs without incurring a significant amount of student debt. IRSC has a unique and innovative approach to how it functions.

It not only offers traditional degree programs, but also prepares students in vocational and technical fields with training certificates. IRSC, through its business partnership structure, produces a workforce which meets the needs of the community, creates economic uplift, and enhances the standard of living in IRSC's service area.

Much of what IRSC is doing cannot be measured in numbers, as it is the first time this has been seen in the educational sector. A constant flow of partnerships with businesses, bringing in funding from other sectors and providing students with direct opportunities to put their theoretical knowledge and training to the test. The economic impact of IRSC, which can be measured, has added great value to Florida's economy. IRSC is not a traditional institution. It consistently moves to the next level and provides Florida with more than \$2 billion in economic output and the creation of a workforce which is more likely to remain in Florida throughout their productive life.

APPENDIX - IMPLAN MODEL

Input-Output (I-O) modeling is a foundational concept all industries, households, and government connect through buy-sell relationships. Therefore, a given economic activity supports a ripple of additional economic activity throughout the economy. IMPLAN is an I-O modeling system that uses annual, regional data to map these buy-sell relationships so users can predict how specific economic changes will impact a given regional economy or estimate the effect of past or existing economic activity. Input-output accounting (using the IMPLAN model) describes commodity flows from producers to intermediate and final consumers.

The total industry purchases of commodities, services, employment compensation, value-added, and imports are equal to the value of the commodities produced. Industries producing goods and services for final use and purchases for final use (final demand) drive the model. Industries producing goods and services for final demand purchase goods and services from other producers. These other producers, in turn, purchase goods and services. This buying of goods and services continues until leakages from the region stop the cycle. The resulting sets of

multipliers describe the change of output for every regional industry caused by a US\$1.00 change in final demand for any given industry.

Input-Output Analysis and IMPLAN predict the ripple effect of economic activity by using data about the previous spending. Production in a given sector in an economy supports the demand for production in sectors throughout the economy, both due to supply chain spending and spending by workers. It consists of 536 sectors that correspond to the various types of businesses throughout the economy, as well as to personal spending by households at 10 different income levels, and by government entities, and the model specifies the spending linkages that on average exist between them. Analysts can view the background data used in the models and customize them with local data and knowledge. Regional Economic Consulting Group (REC), in partnership with Florida TaxWatch, uses IMPLAN to calculate the impact of IRSC in the surrounding area, which would otherwise not exist in the area.





Dynamic Impacts through IMPLAN

Dynamic impacts refer to the “ripple” effects on the economy resulting from these expenditures. This is where simulated direct spending is injected into the economy to produce a series of direct, indirect, and induced effects. Those effects capture economic ripples spreading across all industries to calculate the total numbers of jobs created, labor income produced, and economic output. For the purpose of this analysis:

DIRECT EFFECTS

are changes that occur in “front-end” businesses that would initially receive expenditures and operating revenue as a direct consequence of the operations and activities.

INDIRECT EFFECTS

are the **business-to-business** purchases in the supply chain taking place in the region that stems from the initial industry manufacturing. As the industry specified spends their money in the region with their suppliers, it shows an indirect effect;

INDUCED EFFECTS

are the values stemming from **household spending of labor income** after removing taxes, savings, and commuter income. The induced effects generate expenditures of the employees within the business’ supply chain.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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INDIAN RIVER STATE COLLEGE

