

*What roles do the Black Country Colleges play in the economy? The results of this study demonstrate that the Black Country Colleges are a sound investment from multiple perspectives. Learners benefit from improved lifestyles and increased earnings. Taxpayers benefit from an enlarged economy and lower social costs. And the community as a whole benefits from increased job and investment opportunities, higher business revenues, greater availability of public funds, and an eased tax burden.*

### Black Country Colleges stimulate the local economy

- The economy in Black Country, Birmingham, and South Staffordshire received roughly **£115.6 million in net income** due to college payroll and operations spending (after adjusting for leakage and monies withdrawn from the economy in support of the colleges).
- Many learners either commuted or relocated to the region to attend college, bringing monies that would not have otherwise entered the local economy. These learners spent a total of £2.7 million while attending, whether for books and supplies, rent, or other personal expenses. These expenditures generated roughly **£1.2 million in added regional income**.
- The skills and qualifications obtained at the Black Country Colleges accumulate over time in the local workforce where former learners live and work. These added skills translate into higher earnings for learners and increased productivity for the businesses that employ them.
- The accumulated contribution of past and present learners still active in the local economy came to roughly **£586.0 million in added income** in Financial Year 2006-07, including labour (i.e., earnings) and non-labour income (i.e., dividends, interests, and rents).

**Black Country Colleges accounted for £702.9 million in added income in 2006-07.**

- In all, about **£702.9 million of total income in the current economy of Black Country, Birmingham, and South Staffordshire** is due to the past and present efforts of the colleges and their learners. Clearly the colleges can be described as engines of economic growth.

### Black Country Colleges provide value for money for taxpayers

- The UK will avoid social costs amounting to **£89 per year for every qualification gained** by learners — savings associated with improved health, reduced crime, and fewer income assistance claims.
- This translates to **£3.8 million in social savings** to the Exchequer each year that learners are in the workforce.
- Learners benefit from higher earnings, thereby expanding the tax base and reducing the burden on taxpayers. Altogether, the 2006-07 learner population will generate **£29.6 million annually in higher earnings** due to their education.

### Black Country Colleges generate a return on investment

- The UK government allocated approximately **£139.0 million in support of the Black Country Colleges** in Financial Year 2006-07.
- For every pound allocated to the colleges by government, taxpayers will see a **cumulative return of £1.60** over the course of the learners' working careers (in the form of higher tax receipts and avoided social costs).

**Black Country Colleges return £1.60 for every pound of taxpayer financial support.**

- The public will see a **rate of return of 8%** on their support for the colleges, which compares favourably with private sector rates on similar long-term investments.

### Black Country Colleges increase learners' earning potential

- A total of **72,625 full and part time learners** attended the colleges in Financial Year 2006-07.
- **Nearly all learners stay in the UK** and contribute to the growth of the national economy after they leave college.
- Studies demonstrate that education increases lifetime earnings. **The average annual earnings of a learner with a Level 2 qualification are £18,000**, 22% more than someone without a formal qualification. **The average earnings of a learner with Level 3 qualification are £20,400**, 38% more than someone without a formal qualification.

**Learners see a 11% annual rate of return on their educational investment.**

- Throughout his or her working career, the average learner's discounted lifetime earnings (i.e., future values expressed in present value terms) will increase **£2.30 for every pound invested** (in tuition fees and foregone salaries while attending).
- Learners enjoy an **annual rate of return of 11%** on their educational investment.