



# Executive Summary

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The Evergreen State College (“Evergreen”) commissioned ECONorthwest to measure the short-run economic and fiscal impacts during the 2012 fiscal year<sup>1</sup>, and the long-run impacts associated with educational attainment of Evergreen students. As expected, spending that is directly attributed to Evergreen starts a chain reaction of additional economic activity that supports sales, incomes, and jobs in every sector of the Thurston County economy and beyond the county as well. The key findings of our study include:

## Evergreen’s 2012 Impacts

**\$161.3 million** in local  
economic activity

**\$4** return for every \$1 the state invests in  
Evergreen (rising to **\$20.63** if  
additional alumni earning capacity is taken  
into account)

**\$83.1 million** in income for local  
workers and small businesses

**1,590 local jobs**

**4<sup>th</sup> largest employer**

If Evergreen was a private employer, it would  
be the fourth largest in Thurston County

**59% and 83%**

Percentage of Evergreen’s day-to-day  
spending that accrues to Thurston County and  
Washington businesses

**81%**

Percent of Evergreen graduates that belonged  
to at least one traditionally under-served  
population

## Evergreen’s Short-Run Impacts

1. Evergreen’s *total* economic impacts in Thurston County consist of \$161.3 million in economic activity, including \$83.1 million in income and 1,590 jobs. (See Table ES1.)
  - a. The **direct** impacts of Evergreen are based on the spending, payroll, and jobs at the college, and spending by students and visitors in the local community. **The direct impacts consist of \$104.2 million in output,<sup>2</sup> including \$65.2 million in income and 1,080 jobs.** (716 permanent jobs are at Evergreen’s main campus in Olympia. Thus, student and visitor spending directly support just over 360 local jobs.<sup>3</sup>)
  - b. **Indirect** or “supply-chain” impacts are linked to Evergreen’s purchases of goods and services from other local businesses, as well as additional purchases among businesses. **In 2012, the indirect impacts amounted to \$19.4 million in sales, \$6.8 million in income, and 180 jobs.** These impacts benefited a wide range of local industries, including: real estate, construction, utilities, insurance, food services, and wholesalers.
  - c. **Induced** or “consumption-driven” impacts are attributed to the income and purchasing power of employees who are directly or indirectly affected by Evergreen. The combination of Evergreen’s labor-intensive operations (a characteristic of higher education in general), the wage distribution of its employees (based on the types of jobs, skills, and

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<sup>1</sup> Evergreen’s 2012 fiscal year runs from July 1, 2011 through June 30, 2012. Accordingly, it consists of the summer and fall quarters in 2011, and the winter and spring quarters in 2012. In this report, 2012 refers to fiscal year 2012 unless stated otherwise.

<sup>2</sup> The direct output is less than direct spending due to local spending by students and visitors on goods manufactured outside of Thurston County. In these instances, the local economy will only capture the retail, wholesale, and transportation margins.

<sup>3</sup> Student and visitor spending are discussed in detail in Section 3 of this report.

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training required), and the fact that its employees work and live locally tends to enhance the induced impacts. The **induced impacts in Thurston County amount to \$37.8 million in economic activity, including \$11.1 million in income and 330 jobs.**

**Table ES1: Evergreen’s Impacts in Thurston County, 2012**

<b>Impact Measure</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Output	\$104,179,700	\$19,369,400	\$37,763,200	\$161,312,300
Income	\$65,168,700	\$6,766,100	\$11,118,500	\$83,053,300
Jobs	1,080	180	330	1,590
State and local taxes	\$4,133,100	\$622,000	\$2,742,500	\$7,497,600

Sources: ECONorthwest using Evergreen data and the IMPLAN modeling software.

2. **Evergreen is linked to \$139.1 million in spending in Thurston County, and \$144.2 million in spending statewide.** The college’s direct expenditures on employee payroll and operating costs (\$70.7 million) represent about 51 percent of total local spending, while off-campus spending by students (\$51.9 million) comprises 37 percent of total local spending. The remaining 12 percent is equally split between capital spending and visitor spending.
3. **With almost 80 percent of its operating costs attributed to payroll, Evergreen is built around its people. If Evergreen was a private employer, it would be the fourth largest private employer in Thurston County.** In 2012, Evergreen employed 730 permanent and 492 temporary staff and faculty, and had a total payroll of \$55.7 million, including \$43.1 million in wages and \$12.6 million in payroll taxes and benefits.<sup>4</sup> Almost all of this employment (716 of the 730 total statewide jobs) is attributed to Evergreen’s main campus in Olympia. Approximately 77 percent of Evergreen employees live and spend money in Thurston County and all of Evergreen’s employees live in the state of Washington.
4. **In addition to payroll, Evergreen purchased almost \$17.0 million in goods and services in 2012,** with about \$5.4 million (32 percent of total non-labor operating expenses) benefiting Thurston County businesses, and another \$5.9 million (35 percent) accruing to businesses elsewhere in Washington. In total, therefore, approximately two-thirds of Evergreen’s non-labor operating expenses benefit businesses and workers in the state of Washington.
5. **Evergreen spending is decidedly “buy local” in nature, with 59 percent of Evergreen’s day-to-day spending benefiting employees and business owners in Thurston County, and 83 percent accruing to employees and business owners in Washington.**<sup>5</sup>
6. **As the preceding discussion indicates, spending associated with Evergreen has a multiplier effect that benefits workers and business owners in other sectors of the local and state economies.** In essence, economic multipliers provide a shorthand way to better understand the linkages between an activity and other sectors of the economy. The multipliers associated with Evergreen spending include:<sup>6</sup>

<sup>4</sup> Evergreen also provided 1,057 student jobs during 2012. Some of these jobs may have accrued to the same student during the year. Nonetheless, employed students gained nearly 250,000 of work experience and earned approximately \$2.7 million in 2012. Student wages are considered an operating expense, and are included in both direct output and direct income.

<sup>5</sup> Local and state spending does not include Federal income taxes or payroll taxes paid by or on behalf of Evergreen employees.

<sup>6</sup> These multipliers are calculated by dividing the total economic impacts by the direct spending, payroll, and employment at Evergreen. Implicitly, this assumes that the Evergreen is responsible for leveraging direct spending by students and others, in addition to downstream supply-chain and consumption-driven spending.

- a. **Evergreen’s output multiplier is 2.3.** This means that every million dollars in direct spending by Evergreen generates another \$1.3 million dollars in local spending elsewhere.
  - b. **Evergreen’s income multiplier is 1.5.** This means that every million dollars in direct income paid by Evergreen is linked to another \$500,000 in income for workers in other sectors of the local economy.
  - c. **Evergreen’s employment multiplier is 2.2.** This means that every ten direct jobs at Evergreen are linked, on average, to another 12 local jobs. This includes 7.8 jobs in the local service sector and 3.0 jobs in the local wholesale and retail trade sector.
7. **The economic activity attributed to The Evergreen State College supported approximately \$7.5 million in tax and fee revenues for state and local governments in Washington.**
    - a. Approximately \$4.1 million in tax and fee revenues (55.1 percent of total revenues) are directly attributed to the college, its students, and visitors.
    - b. Sales taxes (\$4.2 million or 55.4 percent of total revenues) and business and personal property taxes (\$1.9 million, 25 percent) were the largest tax revenue categories.
  8. **For each dollar the State of Washington invested in the college in 2012, Evergreen generated \$20.63 in economic activity. The state receives nearly a \$4 return in terms of net economic impacts and an additional \$16.63 based on increased annual earnings of alumni.** The state invested nearly \$26 million in appropriations in Evergreen in 2012.<sup>7</sup> In that year, the college generated total net impacts in Washington of \$102.2 million in economic activity, including \$43.5 million in income, 875 jobs, and \$4.9 million in state and local tax and fee revenues that, but for the existence of Evergreen, would not have occurred (not counting activity that would likely have shifted to other colleges and universities if Evergreen did not exist). Beyond that, in total Evergreen alumni earn approximately \$433 million more each year than they would have had they not attended college, greatly increasing the overall economic impact within the state.

## Evergreen’s Long-Run Impacts

The short-run economic and fiscal impacts attributable to the college are a byproduct of its larger mission. Evergreen exists to educate students and create knowledge. These activities directly increase the economy’s capacity to create prosperity over the long run. Specifically, Evergreen contributes to long run economic prosperity by:

1. **Educating its students.** On average, college graduates earn \$1 million more over the course of their lifetimes than high school graduates and they also enjoy a variety of non-monetized benefits (e.g., better health, better spousal and child health, better child cognitive development, better household management). Evergreen alumni are no different.

- Among the Class of 2009, 84 percent of graduates were employed or in graduate school one-year after graduation.

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*“Evergreen prepared me very well for graduate school...I have never had trouble obtaining the job of my choice, in the area where I want to work and live. I still apply the concepts I learned at Evergreen in my professional and personal life today.”*

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<sup>7</sup> State investment includes operating and capital appropriations.

- Ultimately, 53 percent of Evergreen alumni attend graduate school.
- On average, Evergreen alumni earnings are on par with other college graduates in their occupations and more than high school graduates.
- Evergreen alumni also report health and happiness levels comparable to other college graduates and higher than the average non-college graduate.

**Serving a Diverse Population – 81 percent of graduates in Evergreen’s Class of 2011 belonged to at least one traditionally under-served population** (low income, students of color, students with disabilities, veterans, first-generation college students, older than average students). Including its entire undergraduate student population, **Evergreen leads Washington’s public baccalaureates (Evergreen, CWU, EWU, UW, WSU, WWU) in shortest time to degree (3.98 years) and ranks second in four-year graduation rates.**<sup>8</sup> Just as importantly, **52 percent of Evergreen degree recipients in 2010-11 graduated without any loan history and those with debt graduated with a debt load well below the national average (\$17,545 compared to the national average of \$26,600<sup>9</sup> and a Washington average of \$22,244<sup>10</sup>).**

2. **Increasing the number of college graduates in Thurston County and the state, thus increasing the capacity of the regional economy to promote local economic wellbeing.** The share of a region’s population with a college degree strongly affects regional economic performance. Regions with more college graduates are more productive and have a higher quality of life. These factors lead to higher average wages (even for non-college graduates) and faster employment growth in regions with more college educated people.

Since Evergreen was founded, Thurston County has experienced a 17.9 percent increase in the share of people over age 25 with bachelor’s degrees. This change was larger than the change in over 75 percent of all metropolitan areas in the U.S., and was larger than one might expect based solely on metropolitan areas characteristics in 1970.

- a. Evergreen contributes to the share of people in the region with college degrees by directly creating them. **Thurston County is home to 7,827 Evergreen alumni. That’s 15 percent of all college graduates in the county.**
  - b. Evergreen also contributes by helping to attract college graduates from elsewhere (college graduates are attracted to regions with colleges and universities for a variety of reasons).
3. **Evergreen alumni create businesses and run community organizations that contribute to the prosperity of the region.** The Evergreen Alumni Entrepreneurs Association lists 535 businesses created by Evergreen alumni. Over half of these (265) are located in Washington, and over 100 of these businesses are in Thurston County. Looking at the career networking site LinkedIn, about 1,350 of the approximately 11,000 Evergreen alumni participating (which includes nearly 6,000 in the greater Seattle area) characterize their work as “entrepreneurship.”<sup>11</sup> In addition, approximately one-third of alumni responding to a 2012 ECONorthwest survey (about 1000 respondents) reported serving on at least one community organization board, and half of those who serve report that they serve on more than one board.

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<sup>8</sup> State of Washington, Office of Financial Management

<sup>9</sup> <http://projectonstudentdebt.org/files/pub/classof2011.pdf>

<sup>10</sup> Ibid

<sup>11</sup> [www.linkedin.com](http://www.linkedin.com) referenced 1-14-2013

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4. **Evergreen contributes to its community and society more broadly through faculty and student research.** Over the past six years, the college and its faculty brought in more than \$3 million in research grants (the college has garnered more than 30 National Science Foundation grants in the past decade). Some of the areas of research included HIV and related retroviruses, biodegradable plastics and polymers, climate change and its impact on insect diversity, computer science programming for environmental applications, and the use of microphages for disease prevention and treatment. Over the same period, the college was awarded an additional \$28 million in grants to promote college attendance, support research centers, etc.<sup>12</sup>

5. **Evergreen operates four public service centers: the Center for Community-Based Learning and Action (CCBLA), the Longhouse Education and Cultural Center, the Washington Center for Improving the Quality of Undergraduate Education, and the Washington State Institute for Public Policy. These centers extend the knowledge and expertise of the college, its faculty, staff and students into the community, across the state and, in some cases, across the globe.**

a. The CCBLA connects students with businesses, government entities and social service organizations for internship and service learning opportunities, providing critical experience for students and productive staffing for partner organizations. In

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*“Evergreen got me involved in local government through its internship at the Capitol. It helped me realize politics and law were my passion and that public service needed to be an integral part of my life.”*

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2011-12, Evergreen students provided **12,540 volunteer hours to 92 partner organizations** (with an estimated value of \$21.79 per hour<sup>13</sup> or approximately \$273,000) and the CCBLA facilitated **940 student internships**.<sup>14</sup> These service opportunities and internships not only helped students augment their education with hands-on experience, they also brought significant value to the organizations and businesses that partnered with Evergreen to provide them.

b. The Longhouse promotes Native American and indigenous art on a regional, national and international scale through its innovative work with artists, tribes and foundations. It also shares these resources and experiences with the wider regional community.

c. The Washington Center for Improving the Quality of Undergraduate Education promotes innovative teaching and learning on a regional and national basis. Just three examples include its work to: increase pathways for students from remediation to degree completion, share Evergreen’s pioneering experience and success with the Learning Communities model of higher education on a national basis, and introduce its nationally-acclaimed Curriculum for the Bioregion program to campuses across the state and beyond.

d. The Washington State Institute for Public Policy plays a vital supportive role for the Washington Legislature, providing non-partisan research on critical policy issues, including analyses of the effectiveness of current programs and enacted or proposed legislation. Typical areas of work include analyses of policies and issues related to child welfare, criminal justice, education, health care, government, and the state economy.

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<sup>12</sup> The Evergreen State College Academic Grants Office

<sup>13</sup> [http://www.independentsector.org/volunteer\\_time](http://www.independentsector.org/volunteer_time)

<sup>14</sup> <http://www.evergreen.edu/communitybasedlearning/docs/2011-12%20Annual%20Report.pdf>

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## Contact Information

ECONorthwest specializes in economics, planning, and finance. Founded in 1974, we're one of the oldest independent economic consulting firms in the Pacific Northwest. ECONorthwest works for private, public, and non-profit clients throughout the U.S. in a wide variety of topic areas. ECONorthwest has demonstrated expertise in economic impact analysis. We have evaluated the economic, fiscal, and socioeconomic impacts for a wide range of projects, including numerous public and private universities. As recognized leaders in this field, our clients can rely on our accuracy and credibility. For more information about ECONorthwest, visit our website at [www.econw.com](http://www.econw.com).

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