

The Economic Value of Forsyth Technical Community College

Forsyth Technical Community College (Forsyth Tech) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2019-20.



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, Forsyth Tech added **\$400.4 million** in income to the Forsyth Tech Service Area* economy, a value approximately equal to **1.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Forsyth Tech's impact supported **6,591 jobs**. For perspective, the activities of Forsyth Tech and its students support **one out of every 40 jobs** in the Forsyth Tech Service Area.

OPERATIONS SPENDING IMPACT

- Forsyth Tech employed 1,621 full-time and part-time faculty and staff. Payroll amounted to \$48.9 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$25 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$67.8 million** in income to the regional economy in FY 2019-20.

CONSTRUCTION SPENDING IMPACT

- Forsyth Tech invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of Forsyth Tech's construction spending in FY 2019-20 was **\$4.6 million** in added income for the Forsyth Tech Service Area.

STUDENT SPENDING IMPACT

- Some in-region students, referred to as retained students, would have left the Forsyth Tech Service Area for other educational opportunities if not for

IMPACTS CREATED BY FORSYTH TECH IN FY 2019-20



Operations spending impact

\$67.8 million



Construction spending impact

\$4.6 million



Student spending impact

\$13.3 million



Alumni impact

\$314.6 million



TOTAL ECONOMIC IMPACT

\$400.4 million

OR

Jobs supported

6,591

* For the purposes of this analysis, the Forsyth Tech Service Area is comprised of Forsyth and Stokes Counties.

Forsyth Tech. These retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of retained students in FY 2019-20 added **\$13.3 million** in income to the Forsyth Tech Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at Forsyth Tech and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Forsyth Tech Service Area.
- The net impact of Forsyth Tech's former students currently employed in the regional workforce amounted to **\$314.6 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- Forsyth Tech's FY 2019-20 students paid a present value of **\$14 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$67.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$369.4 million** in increased earnings over their working lives. This translates to a return of **\$4.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **24.2%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided Forsyth Tech with **\$58.4 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$112.2 million**. A reduced demand for government-funded services in North Carolina will add another **\$7.4 million** in benefits to taxpayers.
- For every dollar of public money invested in Forsyth Tech, taxpayers will receive **\$2.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **6.5%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, North Carolina invested **\$159.8 million** to support Forsyth Tech. In turn, the North Carolina economy will grow by **\$1.3 billion**, over the course of students' working lives. Society will also benefit from **\$20.9 million** of public and private sector savings.
- For every dollar invested in Forsyth Tech in FY 2019-20, people in North Carolina will receive **\$8.00** in return, for as long as Forsyth Tech's FY 2019-20 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN FORSYTH TECH



Average annual return for Forsyth Tech students

24.2%



Stock market 30-year average annual return

10.6%



Interest earned on savings account (National Rate Cap)

0.8%

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

For every \$1...



Students gain in lifetime earnings

\$4.50



Taxpayers gain in added tax revenue and public sector savings

\$2.00



Society gains in added income and social savings

\$8.00