

The Economic Value of Montgomery Community College

Montgomery Community College (MCC) 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.



MONTGOMERY COUNTY, NC



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, MCC added **\$24.4 million** in income to the Montgomery County economy, a value approximately equal to **2.8%** of the county's total gross regional product (GRP). Expressed in terms of jobs, MCC's impact supported **560 jobs**. For perspective, the activities of MCC and its students support **one out of every 22 jobs** in Montgomery County.

OPERATIONS SPENDING IMPACT

- MCC employed 235 full-time and part-time faculty and staff. Payroll amounted to \$7.1 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$3.8 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$8.1 million** in income to the county economy in FY 2019-20.

CONSTRUCTION SPENDING IMPACT

- MCC 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 county economy.
- The net impact of MCC's construction spending in FY 2019-20 was **\$961.7 thousand** in added income for Montgomery County.

STUDENT SPENDING IMPACT

- Some in-county students, referred to as retained students, would have left Montgomery County for other educational opportunities if not for MCC.

IMPACTS CREATED BY MCC IN FY 2019-20



Operations spending impact

\$8.1 million



Construction spending impact

\$961.7 thousand



Student spending impact

\$971.2 thousand



Alumni impact

\$14.4 million



TOTAL ECONOMIC IMPACT

\$24.4 million

OR

Jobs supported

560

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

- The expenditures of retained students in FY 2019-20 added **\$971.2 thousand** in income to the Montgomery County economy.

ALUMNI IMPACT

- Over the years, students have studied at MCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Montgomery County.
- The net impact of MCC's former students currently employed in the county workforce amounted to **\$14.4 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- MCC's FY 2019-20 students paid a present value of **\$3.4 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$11.3 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 **\$66.4 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 **17.5%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided MCC with **\$11 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 **\$17 million**. A reduced demand for government-funded services in North Carolina will add another **\$1.4 million** in benefits to taxpayers.
- For every dollar of public money invested in MCC, taxpayers will receive **\$1.70** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.4%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, North Carolina invested **\$27.9 million** to support MCC. In turn, the North Carolina economy will grow by **\$187.9 million**, over the course of students' working lives. Society will also benefit from **\$4.2 million** of public and private sector savings.
- For every dollar invested in MCC in FY 2019-20, people in North Carolina will receive **\$6.90** in return, for as long as MCC's FY 2019-20 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN MCC



Average annual return for MCC students

17.5%



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

\$1.70



Society gains in added income and social savings

\$6.90