

The Economic Value of South Piedmont Community College

South Piedmont Community College (SPCC) 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.



THE SPCC SERVICE AREA, NC



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, SPCC added **\$124.3 million** in income to the SPCC Service Area economy, a value approximately equal to **1.4%** of the region's total gross regional product (GRP). Expressed in terms of jobs, SPCC's impact supported **2,246 jobs**. For perspective, the activities of SPCC and its students support **one out of every 51 jobs** in the SPCC Service Area.

OPERATIONS SPENDING IMPACT

- SPCC employed 402 full-time and part-time faculty and staff. Payroll amounted to \$15.7 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 \$8.1 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$18.2 million** in income to the regional economy in FY 2019-20.

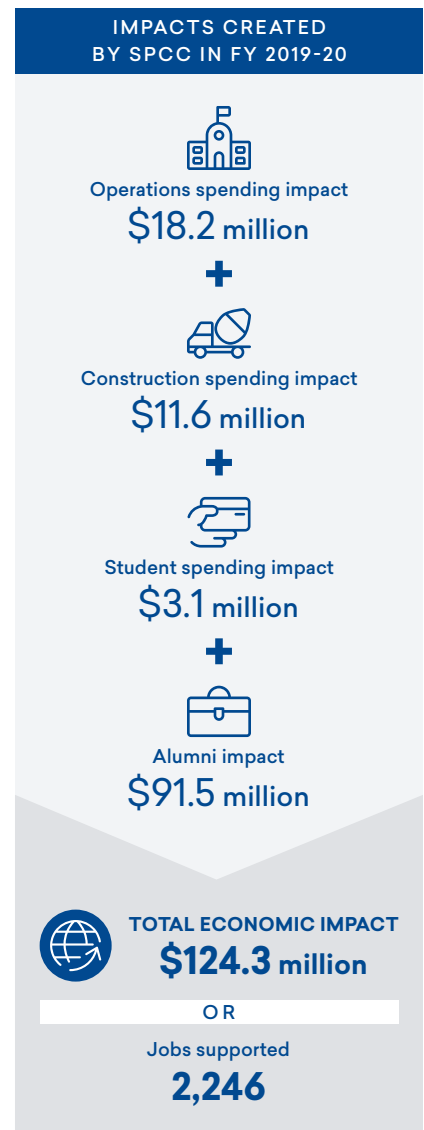
CONSTRUCTION SPENDING IMPACT

- SPCC 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 SPCC's construction spending in FY 2019-20 was **\$11.6 million** in added income for the SPCC Service Area.

STUDENT SPENDING IMPACT

- Around 26% of students attending SPCC originated from outside the region. Some of these students relocated to the SPCC Service Area. In addition,

* For the purposes of this analysis, the SPCC Service Area is comprised of Anson and Union Counties.



some in-region students, referred to as retained students, would have left the SPCC Service Area for other educational opportunities if not for SPCC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of relocated and retained students in FY 2019-20 added **\$3.1 million** in income to the SPCC Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at SPCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the SPCC Service Area.
- The net impact of SPCC's former students currently employed in the regional workforce amounted to **\$91.5 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- SPCC's FY 2019-20 students paid a present value of **\$5 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$20.6 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 **\$133.4 million** in increased earnings over their working lives. This translates to a return of **\$5.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **23.2%**.

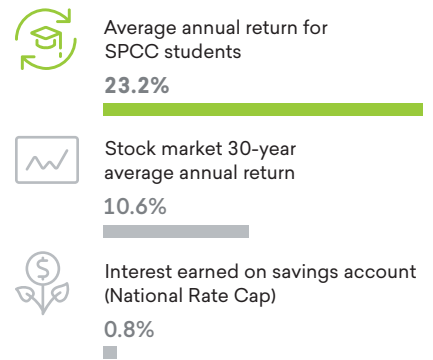
TAXPAYER PERSPECTIVE

- Taxpayers provided SPCC with **\$40.3 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 **\$38.3 million**. A reduced demand for government-funded services in North Carolina will add another **\$3 million** in benefits to taxpayers. Total benefits to North Carolina taxpayers amount to **\$41.3 million**.

SOCIAL PERSPECTIVE

- In FY 2019-20, North Carolina invested **\$67.3 million** to support SPCC. In turn, the North Carolina economy will grow by **\$426.2 million**, over the course of students' working lives. Society will also benefit from **\$8.1 million** of public and private sector savings.
- For every dollar invested in SPCC in FY 2019-20, people in North Carolina will receive **\$6.50** in return, for as long as SPCC's FY 2019-20 students remain active in the state workforce.

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



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

For every \$1...

Students gain in lifetime earnings
\$5.20

Society gains in added income and social savings
\$6.50

In total...

Taxpayers gained in added tax revenue and public sector savings
\$41.3 million