



# FACT SHEET

## The Economic Value of Middlesex County College

Middlesex County 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) 2016-17.

### IMPACTS CREATED BY MCC IN FY 2016-17

ADDED INCOME	JOB
<b>Operations spending impact</b>	
<b>\$78.2 million</b>	<b>1,586</b>
<b>Student spending impact</b>	
<b>\$9.8 million</b>	<b>207</b>
<b>Alumni impact</b>	
<b>\$477.5 million</b>	<b>4,977</b>
<b>Total impact</b>	
<b>\$565.5 million</b>	<b>6,770</b>

### IMPACT ON THE BUSINESS COMMUNITY

During the analysis year, MCC and its students added **\$565.5 million** in income to the Middlesex County economy, approximately equal to **0.9%** of the county's total gross regional product (GRP). MCC's impact supported 6,770 jobs in FY 2016-17. For perspective, this means that one out of every 83 jobs in Middlesex County is supported by the activities of MCC and its students. The economic impacts of MCC break down as follows:

#### Operations spending impact

- MCC employed 1,365 full-time and part-time employees in FY 2016-17. Payroll and benefits amounted to **\$63.8 million**, much of which was spent in Middlesex County to purchase groceries, clothing, and other household goods and services. The college spent another **\$41.9 million** to support its day-to-day operations.
- The net impact of the college's operations spending in Middlesex County during the analysis year added **\$78.2 million** in income to the county's economy.

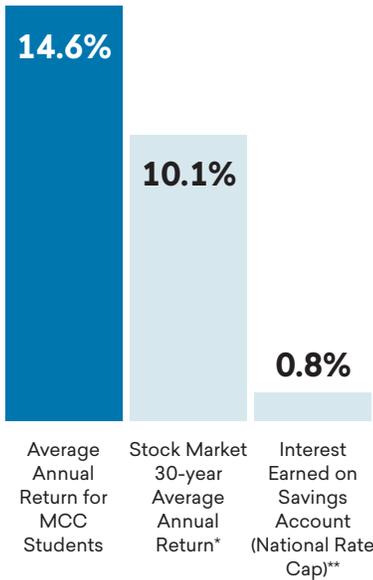
#### Student spending impact

- A number of students would have left the county if not for MCC. These students, called retained students, spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of retained students during the analysis year added approximately **\$9.8 million** in income to the Middlesex County economy.

#### Alumni impact

- Over the years, students have studied at MCC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Middlesex County.
- The impact of former students currently employed in the county workforce amounted to **\$477.5 million** in added income during the analysis year.

## STUDENT RATE OF RETURN



\* Forbes' S&P 500, 1987-2016.

\*\* FDIC.gov, 7-2017.

## RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

### Student perspective

- MCC's FY 2016-17 students paid a total present value of **\$49.5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$86.3 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$539.7 million** in increased earnings over their working lives. This translates to a return of **\$4.00** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **14.6%**.

### Local taxpayer perspective

- In FY 2015-16, local taxpayers paid **\$17.4 million** to support MCC. The net present value of the increased tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$56.3 million**. Local government savings due to students' improved lifestyles adds an additional **\$10.9 million** in benefits to local taxpayers.
- Comparing these benefits to local taxpayers and their associated costs yields a benefit-cost ratio of **3.9**. In other words, for every dollar local taxpayers invest in MCC, they will receive \$3.90 in benefits. The average annual return on investment for local taxpayers is **12.1%**.

### State and local taxpayer perspective

- In FY 2016-17, state and local taxpayers in New Jersey paid **\$33.7 million** to support the operations of MCC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$209.8 million** in benefits to taxpayers. Savings to the public sector add another **\$15.8 million** in benefits due to a reduced demand for government-funded services in New Jersey.
- Dividing benefits to taxpayers by the associated costs yields a **6.7** benefit-cost ratio, i.e., every dollar in costs returns \$6.70 in benefits. The average annual return on investment for taxpayers is **20.0%**.

### Social perspective

- The economic base in New Jersey will grow by **\$2.5 billion** over the course of the students' working lives. Society will also benefit from **\$46.8 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on MCC FY 2016-17 educations, society will receive a cumulative value of **\$12.60** in benefits, for as long as the FY 2016-17 student population at MCC remains active in the state workforce.

