

# The Economic Value of Montgomery County Community College to Montgomery County

Montgomery County Community College (MCCC) 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) 2020-21.



MONTGOMERY COUNTY, PA



## ECONOMIC IMPACT ANALYSIS

In FY 2020-21, MCCC added **\$487.6 million** in income to the Montgomery County economy. Expressed in terms of jobs, MCCC's impact supported **5,552 jobs**.

### OPERATIONS SPENDING IMPACT

- MCCC employed 1,260 full-time and part-time faculty and staff. Payroll amounted to \$64.6 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 \$44.5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$82.9 million** in income to the county economy in FY 2020-21.

### CONSTRUCTION SPENDING IMPACT

- MCCC 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 MCCC's construction spending in FY 2020-21 was **\$3 million** 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 MCCC. 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 2020-21 added **\$5.7 million** in income to the Montgomery County economy.

IMPACTS CREATED BY  
MCCC IN MONTGOMERY  
COUNTY IN FY 2020-21



Operations spending impact

**\$82.9 million**



Construction spending impact

**\$3.0 million**



Student spending impact

**\$5.7 million**



Alumni impact

**\$396.0 million**



TOTAL ECONOMIC IMPACT

**\$487.6 million**

OR

Jobs supported

**5,552**

## ALUMNI IMPACT

- Over the years, students have studied at MCCC 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 MCCC's former students currently employed in the county workforce amounted to **\$396 million** in added income in FY 2020-21.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- MCCC's FY 2020-21 students paid a present value of **\$40.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$40.6 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 **\$360.9 million** in increased earnings over their working lives. This translates to a return of **\$4.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **16.9%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided MCCC with **\$53.8 million** of funding in FY 2020-21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$109.9 million**. A reduced demand for government-funded services in Pennsylvania will add another **\$7.2 million** in benefits to taxpayers.
- For every dollar of public money invested in MCCC, taxpayers will receive **\$2.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **5.0%**.

### SOCIAL PERSPECTIVE

- In FY 2020-21, Pennsylvania invested **\$165.8 million** to support MCCC. In turn, the Pennsylvania economy will grow by **\$1.4 billion**, over the course of students' working lives. Society will also benefit from **\$20.3 million** of public and private sector savings.
- For every dollar invested in MCCC in FY 2020-21, people in Pennsylvania will receive **\$8.60** in return, for as long as MCCC's FY 2020-21 students remain active in the state workforce.

### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN MCCC



Average annual return for MCCC students

**16.9%**



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

**\$4.40**



Taxpayers gain in added tax revenue and public sector savings

**\$2.20**



Society gains in added income and social savings

**\$8.60**