

THE ECONOMIC VALUE

Of St. Clair County Community College

DECEMBER 2017

St. Clair County Community College (SC4) 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 SC4 IN FY 2016-17

ADDED INCOME	JOBS
\$23.4 MILLION	412
Operations spending impact	
\$917.3 THOUSAND	25
Student spending impact	
\$203.6 MILLION	3,491
Alumni impact	
\$227.9 MILLION	3,927
Total impact	

IMPACT ON BUSINESS COMMUNITY

During the analysis year, SC4 and its students added **\$227.9 MILLION** in income to the St. Clair County economy, approximately equal to **4.6%** of the county's total gross regional product (GRP). By comparison, this impact from the college is twice as large as the entire Accommodation & Food Services industry in the county. The economic impacts of SC4 break down as follows:

Operations spending impact

- SC4 employed 322 full-time and part-time employees in FY 2016-17. Payroll amounted to **\$19.5 MILLION**, much of which was spent in St. Clair County to purchase groceries, clothing, and other household goods and services. The college spent another **\$14.1 MILLION** to support its day-to-day operations.
- The net impact of college payroll and expenses in St. Clair County during the analysis year was approximately **\$23.4 MILLION** in income.

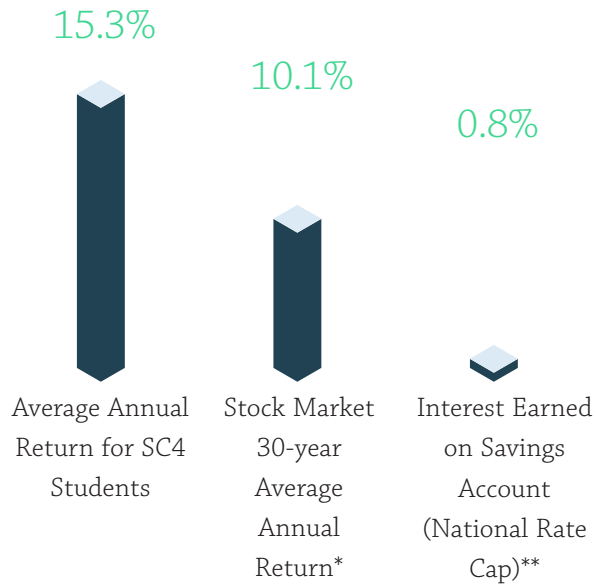
Student spending impact

- A number of students attending SC4 originated from outside the county. Some of these students relocated to St. Clair County. In addition, a number of students would have left the county if not for SC4. These relocated and retained students spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$917.3 THOUSAND** in income to the St. Clair County economy.

Alumni impact

- Over the years, students have studied at SC4 and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in St. Clair County.
- The impact of former students currently employed in the county workforce amounted to **\$203.6 MILLION** in added income during the analysis year.

STUDENT RATE OF RETURN



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

**FDIC.gov, 7-2017.

FOR EVERY \$1 SPENT BY...

STUDENTS	<p>\$4.60</p> <p>Gained in lifetime earnings for STUDENTS</p>
TAXPAYERS	<p>\$2.50</p> <p>Gained in added taxes and public sector savings for TAXPAYERS</p>
SOCIETY	<p>\$8.40</p> <p>Gained in added state revenue and social savings for SOCIETY</p>

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- SC4's FY 2016-17 students paid a total present value of **\$12.8 MILLION** to cover the cost of attending college. They also forewent **\$16.4 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 **\$133.8 MILLION** in increased earnings over their working lives. This translates to a return of **\$4.60** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **15.3%**.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in Michigan paid **\$17.8 MILLION** to support the operations of SC4. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$40.4 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$3.3 MILLION** in benefits due to a reduced demand for government-funded services in Michigan.
- Dividing benefits to taxpayers by the associated costs yields a 2.5 benefit-cost ratio, i.e., every \$1 in costs returns **\$2.50** in benefits. The average annual return on investment for taxpayers is **5.5%**.

Social perspective

- The economic base in Michigan will grow by **\$428.7 MILLION** over the course of the students' working lives. Society will also benefit from **\$14.3 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 SC4 FY 2016-17 educations, society will receive a cumulative value of **\$8.40** in benefits, for as long as the FY 2016-17 student population at SC4 remains active in the state workforce.