

FACT SHEET

The Economic Value of Montgomery College | December 2016

Montgomery College (MC) 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2015-16.

IMPACTS CREATED BY MC IN FY 2015-16

ADDED INCOME	JOBS
\$257.7 million	3,423
Operations spending impact	
\$25.1 million	750
Student spending impact	
\$1.1 billion	11,955
Alumni impact	
\$1.4 billion	16,128
Total impact	

IMPACT ON BUSINESS COMMUNITY

During the analysis year, MC and its students added **\$1.4 billion** in income to the Montgomery County economy, approximately equal to **1.8%** of the county's total gross regional product (GRP). By comparison, this impact from the college is nearly as large as the entire Accommodation & Food Services industry in the county. The economic impacts of MC break down as follows:

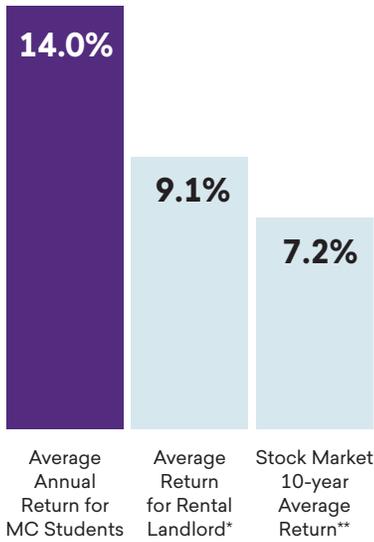
Operations spending impact

- MC employed 3,189 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$244.6 million**, much of which was spent in Montgomery County to purchase groceries, clothing, and other household goods and services. The college spent another **\$99.7 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in Montgomery County during the analysis year was approximately **\$257.7 million** in income.

Impact of student spending

- A number of students would have left the county if not for MC. These 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 **\$25.1 million** in income to the Montgomery County economy.

STUDENT RATE OF RETURN



* RealtyTrac's Q3, 2014
 ** Forbes' S&P 500, 1994-2014.

Alumni impact

- Over the years, students have studied at MC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Montgomery County.
- The accumulated contribution of former students currently employed in the county workforce amounted to **\$1.1 billion** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- MC's FY 2015-16 students paid a total of **\$90.2 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$443.4 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 **\$1.8 billion** in increased earnings over their working lives. This translates to a return of **\$3.30** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **14.0%**.

Taxpayer perspective

- In FY 2015-16, state and local taxpayers in Maryland paid **\$238.4 million** to support the operations of MC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$399.7 million** in benefits to taxpayers. Savings to the public sector add another **\$34.6 million** in benefits due to a reduced demand for government-funded services in Maryland.
- Dividing benefits to taxpayers by the associated costs yields a **1.8** benefit-cost ratio, i.e., every \$1 in costs returns \$1.80 in benefits. The average annual return on investment for taxpayers is **5.2%**.

Social perspective

- The economic base in Maryland will grow by **\$4.9 billion** over the course of the students' working lives. Society will also benefit from **\$93.5 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 MC educations during the analysis year, society will receive a cumulative value of **\$6.10** in benefits, for as long as the FY 2015-16 student population at MC remains active in the state workforce.

For every **\$1** spent by...

<p>STUDENTS</p> <p>\$3.30</p> <p>Gained in lifetime earnings for STUDENTS</p>
<p>TAXPAYERS</p> <p>\$1.80</p> <p>Gained in added state revenue and social savings for TAXPAYERS</p>
<p>SOCIETY</p> <p>\$6.10</p> <p>Gained in added taxes and public sector savings for SOCIETY</p>