

FACT SHEET

FEBRUARY
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North Carolina Community Colleges include 58 colleges. Each college improves higher education delivery throughout the state and helps students increase their employability and potential. By drawing students to North Carolina, the colleges also generate new dollars and opportunities for the state. The purpose of this analysis is to assess the collective impact of North Carolina Community Colleges on the state economy and the benefits generated for students, North Carolina as a whole, and taxpayers.

Our analysis shows that in FY 2012-13, the \$2.2 billion in payroll and operations spending of North Carolina Community Colleges, together with their construction spending and the spending of their students and alumni, created **\$21.5 billion** in added state income. This is equal to approximately **4.9%** of the total Gross State Product of North Carolina and is equivalent to creating **375,254** new jobs.

IMPACT ON THE STATE BUSINESS COMMUNITY

During the analysis year, FY 2012-13, North Carolina Community Colleges spent **\$1.3 billion** on payroll and benefits for **45,688** full-time and part-time employees, and spent another **\$860.9** million on goods and services to carry out their day-to-day operations. This initial round of spending creates more spending across other businesses throughout the state economy, resulting in the commonly referred to multiplier effects. We estimate these multiplier effects in this study and report the additional economic activity that is created by the initial spending of North Carolina Community Colleges. Impacts are reported in terms of total income, which is analogous to Gross State Product, and the corresponding number of jobs created.

Note: Our estimated economic impacts are conservative in that we directly take into account the fact that state and local dollars spent on the colleges could have been spent elsewhere in North Carolina if not directed toward North Carolina Community Colleges, and thus would have created some economic impacts regardless. We account for these alternative uses of funds directly in our analysis by (i) assuming that if funds were not directed to the colleges, they would have been returned to the taxpayer and generated economic impacts through household spending on goods and services, and (ii) subtracting the estimated economic impacts generated by this alternative use of funds from the estimated economic impacts of the colleges. Thus, we report a net impact of North Carolina Community Colleges that is above and beyond what would have occurred had the funds been returned to the taxpayer.

IMPACTS CREATED BY NORTH CAROLINA COMMUNITY COLLEGES IN FY 2012-13

INCOME	JOBS
\$19.6 billion	322,005

Alumni impact

\$1.7 billion	49,366
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Operations spending impact

\$37.0 million	1,354
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Construction spending impact

\$138.7 million	2,529
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Student spending impact

\$21.5 billion	375,254
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Total impact



These economic impacts break down as follows:

Alumni impact

- Over the years, students gained new skills, making them more productive workers, by studying at North Carolina Community Colleges. Today, hundreds of thousands of these former students are employed in North Carolina.
- The accumulated contribution of former North Carolina Community Colleges' students currently employed in the North Carolina workforce amounted to **\$19.6 billion** in added state income to the North Carolina economy, which is equivalent to creating **322,005** new jobs.

Operations spending impact

- Payroll and non-pay expenditures to support day-to-day operations of North Carolina Community Colleges amounted to **\$1.3 billion** and **\$860.9 million**, respectively. The net impact of the colleges' operations spending in North Carolina during the analysis year was approximately **\$1.7 billion** in added state income, which is equivalent to creating **49,366** jobs.

Construction spending impact

- North Carolina Community Colleges built or renovated a number of their facilities during the analysis year. This spending generated a short-term infusion of income and jobs in the state economy.
- The net impact of the colleges' construction spending in FY 2012-13 was **\$37 million** in added state income, equivalent to **1,354** new jobs.

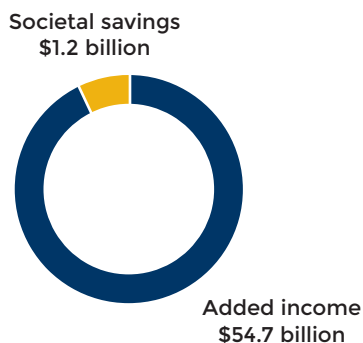
Student spending impact

- Around **3%** of students attending North Carolina Community Colleges originated from outside the state. Some of these students relocated to North Carolina and spent money on groceries, transportation, rent, and so on at North Carolina businesses.
- The expenditures of students who relocated to the state during the analysis year added approximately **\$138.7 million** in state income for the North Carolina economy, which is equivalent to creating **2,529** new jobs.

FOR EVERY \$1 SPENT BY...

STUDENTS	\$2.30 Gained in lifetime income for STUDENTS
SOCIETY	\$8.10 Gained in added state income and social savings for SOCIETY
TAXPAYERS	\$4.10 Gained in added taxes and public sector savings for TAXPAYERS

PRESENT VALUE OF ADDED INCOME AND SOCIETAL SAVINGS IN NORTH CAROLINA



ABOUT emsi

Economic Modeling Specialists International turns labor market data into useful information that helps organizations understand the connection between economies, people, and work. Since 2000, EMSI has completed numerous economic impact studies for educational institutions across the US, Canada, the UK, and Australia. It also provides industry-leading labor market data via software and reports to higher education professionals, workforce planners, and regional developers in the U.S. and internationally. For more information, visit www.economicmodeling.com. For a copy of the full report, including a description of the data and methods used, please visit the North Carolina Community College System website at www.ncccommunitycolleges.edu/emsi-study.

RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- Students attending North Carolina Community Colleges during FY 2012-13 paid a total of **\$502.4 million** to cover the cost of tuition, fees, books, and supplies. They also forewent **\$4.4 billion** in money that they would have earned had they been working instead of learning.
- In return for the money students invest to earn their degrees, they will receive a present value of **\$11.5 billion** in estimated increased earnings over their working lives.
- This translates to a return of **\$2.30** in higher future income for every \$1 that students invest in their college education. The average annual return for students is **12.0%**.

Societal perspective

- North Carolina as a whole will receive a present value of **\$54.7 billion** in added state income over the course of the students' working lives. Communities will also benefit from **\$1.2 billion** in present value societal savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on educations at North Carolina Community Colleges during the analysis year, North Carolina communities will receive a cumulative value of **\$8.10** in benefits, for as long as the 2012-13 students of North Carolina Community Colleges remain active in the state workforce.

Taxpayer perspective

- In FY 2012-13, state and local taxpayers in North Carolina invested **\$1.4 billion** to support the operations of North Carolina Community Colleges. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$5.2 billion** in benefits to taxpayers. Savings to the public sector add another **\$376.5 million** in benefits due to a reduced demand for government-funded services in North Carolina.
- Dividing benefits to taxpayers by the associated costs yields a **4.1** benefit-cost ratio, i.e., every \$1 in costs returns \$4.10 in benefits. The average annual return on investment for taxpayers is **14.7%**.