

# FACT SHEET

The Economic Value of Baltimore City Community College | December 2016

Baltimore City Community College (BCCC) 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) 2016.

## IMPACT ON BUSINESS COMMUNITY

### IMPACTS CREATED BY BCCC IN FY 2016

ADDED INCOME	JOBS
<b>\$60 million</b>	<b>1,035</b>
Operations spending impact	
<b>\$4.5 million</b>	<b>234</b>
Student spending impact	
<b>\$205.3 million</b>	<b>2,453</b>
Alumni impact	
<b>\$269.8 million</b>	<b>3,722</b>
Total impact	

During the analysis year, BCCC and its students added **\$269.8 million** in income to the Baltimore City economy, approximately equal to **0.7%** of the City's total gross regional product (GRP). By comparison, this impact from the college is slightly larger than the entire Management of Companies & Enterprises industry in the City. The economic impacts of BCCC break down as follows:

#### Operations spending impact

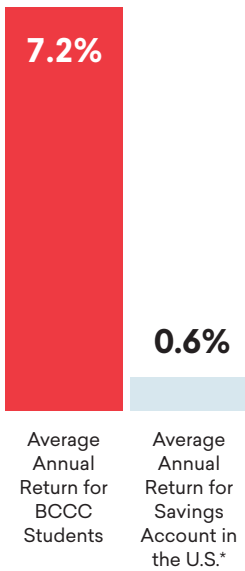
- BCCC employed 900 full-time and part-time employees in FY 2016. Payroll amounted to **\$47.4 million**, much of which was spent in Baltimore City to purchase groceries, clothing, and other household goods and services. The college spent another **\$26.8 million** to support its day-to-day operations.\*
- The net impact of college payroll and expenses in Baltimore City during the analysis year was approximately **\$60 million** in income.

#### Impact of student spending

- Around **9%** of students attending BCCC originated from outside the City. Some of these students relocated to Baltimore City. In addition, a number of students would have left the City if not for BCCC. These relocators and retained students spent money on groceries, transportation, rent, and so on at City businesses.
- The expenditures of relocators and retained students during the analysis year added approximately **\$4.5 million** in income to the Baltimore City economy.

\* BCCC FY 2016 financial data is preliminary.

## STUDENT RATE OF RETURN



\* FDIC, 2016.

## Alumni impact

- Over the years, students have studied at BCCC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Baltimore City.
- The accumulated contribution of former students currently employed in the City workforce amounted to **\$205.3 million** in added income during the analysis year.

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

### Student perspective

- BCCC's FY 2016 students paid a total of **\$12 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$109.2 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 **\$169.2 million** in increased earnings over their working lives. This translates to a return of **\$1.40** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **7.2%**.

### Taxpayer perspective

- In FY 2016, state and local taxpayers in Maryland paid **\$43 million** to support the operations of BCCC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$41.6 million** in benefits to taxpayers. Savings to the public sector add another **\$14.3 million** in benefits due to a reduced demand for government-funded services in Maryland.
- Dividing benefits to taxpayers by the associated costs yields a **1.3** benefit-cost ratio, i.e., every \$1 in costs returns \$1.30 in benefits. The average annual return on investment for taxpayers is **3.6%**.

### Social perspective

- The economic base in Maryland will grow by **\$496.3 million** over the course of the students' working lives. Society will also benefit from **\$29.6 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 BCCC educations during the analysis year, society will receive a cumulative value of **\$2.70** in benefits, for as long as the FY 2016 student population at BCCC remains active in the state workforce.

