

FACT SHEET

Demonstrating the Economic Value of Halifax Community College

JANUARY 2015

Halifax Community College (HCC) improves higher education delivery throughout the region and helps students increase their employability and potential. By drawing students to the HCC Service Area, the college also generates new dollars and opportunities for the region. The purpose of this analysis is to assess the impact of HCC as a whole on the regional economy and the benefits generated for students, North Carolina as a whole, and taxpayers.

*Our analysis shows that in FY 2012-13, payroll and operations spending of HCC, together with the spending of its students and alumni, created \$70.1 million in added regional income to the HCC Service Area economy. Although we use added regional income to refer to the economic impacts, it is helpful to realize that regional income in this context is equivalent to the commonly referred to measure of gross regional product. This added regional income of **\$70.1 MILLION** created by HCC is equal to approximately **5.2%** of the total gross regional product of the HCC Service Area, and is equivalent to creating **1,556** new jobs.*

IMPACT ON LOCAL BUSINESS COMMUNITY

During the analysis year, HCC spent **\$11.4 MILLION** on payroll and benefits for **334** full-time and part-time employees, and spent another **\$6.9 MILLION** on goods and services to carry out its day-to-day operations. This initial round of spending creates more spending across other businesses throughout the regional 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 HCC and its students and alumni. Impacts are reported in terms of total income, which is analogous to gross regional product, and the corresponding number of jobs created.

Our estimated economic impacts are conservative in that we directly take into account the fact that state and local dollars spent on the institutions could have been spent elsewhere in North Carolina if not directed toward HCC, 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 HCC, they would have been returned to the taxpayer and generate 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 HCC. Thus, we report a net impact of HCC that is above and beyond what would have occurred had the funds been returned to the taxpayer.



These economic impacts break down as follows:

Operations spending impact

- Payroll to support day-to-day operations of HCC amounted to **\$11.4 MILLION**. The net impact of the college's operations spending in the HCC Service Area during the analysis year was approximately **\$13.3 MILLION** in added regional income, which is equivalent to creating **359** jobs.

Alumni impact

- Over the years, students gained new skills, making them more productive workers, by studying at HCC. Today, thousands of these former students are employed in the HCC Service Area.
- The accumulated contribution of alumni currently employed in the HCC Service Area workforce amounted to **\$56.8 MILLION** in regional income added to the HCC Service Area economy, which is equivalent to creating **1,197** new jobs.

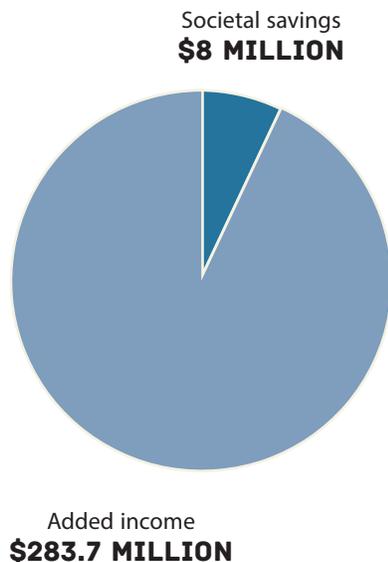
INCOME CREATED BY HCC IN FY 2012-13 (ADDED IN-COME)

| |
|---|
| \$13.3 MILLION Operations spending impact |
| \$56.8 MILLION Alumni impact |
| \$70.1 MILLION Total impact |

FOR EVERY \$1 SPENT BY...

| | |
|------------------|---|
| STUDENTS | <p>\$2.30</p> <p>Gained in lifetime income for STUDENTS</p> |
| SOCIETY | <p>\$6.10</p> <p>Gained in added state income and social savings for SOCIETY</p> |
| TAXPAYERS | <p>\$2.70</p> <p>Gained in added taxes and public sector savings for TAXPAYERS</p> |

PRESENT VALUE OF ADDED INCOME AND SOCIETAL SAVINGS IN NORTH CAROLINA



RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- Students attending HCC during FY 2012-13 paid a total of **\$2.6 MILLION** to cover the cost of tuition, fees, books, and supplies. They also forewent **\$27.6 MILLION** 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 **\$70.1 MILLION** in 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 education. The average annual return for students is **12.9%**.

Societal perspective

- North Carolina as a whole will receive a present value of **\$283.7 MILLION** in added state income over the course of the students' working lives. Communities will also benefit from **\$8 MILLION** 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 HCC during the analysis year, North Carolina communities will receive a cumulative value of **\$6.10** in benefits, for as long as the 2012-13 students of HCC remain active in the state workforce.

Taxpayer perspective

- In FY 2012-13, state and local taxpayers in North Carolina paid **\$11 MILLION** to support the operations of HCC. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$26.8 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$2.9 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 **2.7** benefit-cost ratio, i.e., every \$1 in costs returns \$2.70 in benefits. The average annual return on investment for taxpayers is **10.8%**.