



The Economic Value of Metropolitan Community College

Metropolitan Community College (MCC) 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) 2020-21.



THE MCC FOUR COUNTY SERVICE AREA, NE



ECONOMIC IMPACT ANALYSIS

In FY 2020-21, MCC added **\$680.3 million** in income to the MCC Four County Service Area* economy, a value approximately equal to **1.0%** of the region's total gross regional product (GRP). Expressed in terms of jobs, MCC's impact supported **9,073 jobs**. For perspective, the activities of MCC and its students support **one out of every 63 jobs** in the MCC Four County Service Area.

OPERATIONS SPENDING IMPACT

- MCC employed 2,325 full-time and part-time faculty and staff. Payroll amounted to \$96.7 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$33.9 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$96.2 million** in income for the regional economy in FY 2020-21

CONSTRUCTION SPENDING IMPACT

- MCC invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of MCC's construction spending in FY 2020 was **\$12 million** in added income for the MCC Four County Service Area.

IMPACTS CREATED BY MCC IN FY 2020-21



Operations spending impact

\$96.2 million



Construction spending impact

\$12.0 million



Student spending impact

\$11.6 million



Alumni impact

\$560.5 million



TOTAL ECONOMIC IMPACT

\$680.3 million

OR

Jobs supported

9,073

* For the purposes of this analysis, the MCC Four County Service Area is comprised of Dodge, Douglas, Sarpy, and Washington Counties.

STUDENT SPENDING IMPACT

- Around 14% of credit students attending MCC originated from outside the region. Some in-region students, referred to as retained students, would have left the MCC Four County Service Area for other educational opportunities if not for MCC. These retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of retained students in FY 2020-21 added **\$11.6 million** in income to the MCC Four County Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at MCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the MCC Four County Service Area.
- The net impact of MCC's former students currently employed in the regional workforce amounted to **\$560.5 million** in added income in FY 2020-21.

INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- MCC's FY 2020-21 students paid a present value of **\$25.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$38.1 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$518.5 million** in increased earnings over their working lives. This translates to a return of **\$8.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.7%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided MCC with **\$109.4 million** of funding in FY 2020-21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$123.9 million**. A reduced demand for government-funded services in Nebraska will add another **\$7.9 million** in benefits to taxpayers.
- For every dollar of public money invested in MCC, taxpayers will receive **\$1.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **0.6%**.

SOCIAL PERSPECTIVE

- In FY 2020-21, Nebraska invested **\$203.6 million** to support MCC. In turn, the Nebraska economy will grow by **\$1.5 billion**, over the course of students' working lives. Society will also benefit from **\$21.8 million** of public and private sector savings.
- For every dollar invested in MCC in FY 2020-21, people in Nebraska will receive **\$7.50** in return, for as long as MCC's FY 2020-21 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN MCC



Average annual return for MCC students
21.7%



Stock market 30-year average annual return
10.5%



Interest earned on savings account (National Rate Cap)
0.8%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

For every \$1...



Students gain in lifetime earnings
\$8.10



Taxpayers gain in added tax revenue and public sector savings
\$1.20



Society gains in added income and social savings
\$7.50