

# **F**ACT SHEET: ECONOMIC IMPACT OF NORTHEASTERN JUNIOR COLLEGE

*What role does Northeastern Junior College (NJC) play in the local economy? Business sales in the NJC Service Area are \$263 million greater, and labor income is \$107 million greater due to the past and present operations of NJC. The benefits of a robust local economy translate into job and investment opportunities, increased business revenues, greater availability of public funds, and an eased tax burden.*

## ***NJC stimulates the local economy***

- NJC had operating expenses of \$16 million in fiscal 2003, and spent \$11 million (70%) of this in the NJC Service Area to purchase supplies and pay salaries, wages, and benefits (i.e., earnings).
- NJC employs 168 full-time and 438 part-time faculty and staff. NJC paid faculty and staff wages, salaries, and benefits of \$9 million in fiscal 2003.
- For every \$1 NJC pays in earnings, there is an additional \$0.36 in earnings generated off campus in the NJC Service Area economy – this is the commonly known multiplier effect.
- NJC activities encourage new business, assist existing business, and create long-term economic growth. The college enhances worker skills and provides customized training to local business and industry. It is estimated that the present-day NJC Service Area workforce embodies over 978.4 thousand credit and non-credit hours of past and present NJC training.
- NJC skills embodied in the present-day workforce increase the output of industries in the NJC Service Area economy where the former students are employed by \$145 million. Associated multiplier effects (sometimes called indirect effects) in other industries increase sales by \$109 million.
- NJC skills from current and former students increase earnings in the NJC Service Area by \$55 million directly, and by another \$39 million indirectly in fiscal 2003.

## ***NJC leverages taxpayer dollars***

- The state government allocated \$6 million in support of NJC in fiscal 2003. For every dollar appropriated by the state government, NJC's spending alone generated \$2.07 in earnings in the NJC Service Area.
- For every dollar appropriated by the state government in fiscal 2003, student earnings will increase by an average of \$0.98 per year, every year through the rest of their working lives. Likewise, for every state dollar appropriated, the NJC Service Area will see social savings of \$0.18 per year, every

year (i.e., reduced incarceration and health care expenditures, reduced expenditures on unemployment and welfare, and reduced absenteeism).

## ***NJC generates a return on government investment***

- State government support for NJC in fiscal 2003 will be fully recovered in 12.1 years, in the form of higher tax receipts (from increased student wages) and avoided costs (e.g., from reduced public expenditures on incarceration).
- Accounting for increased tax receipts and avoided costs, the state government will see a rate of return of 10.1% on their fiscal 2003 support for NJC.

## ***NJC increases individuals' earning potential***

- A total of 7,368 credit and non-credit students attended the college in fiscal 2003, 85% of whom were employed full- or part-time while attending.
- As many as 75% of the students stay in the region initially after they leave the college and contribute to the local economy. Their continued contribution is measured after accounting for out-migration, retirement, and death.
- Studies demonstrate that education increases lifetime earnings. The average annual earnings of a student with a one-year certificate are \$24,859, or 81.5% more than someone without a high school diploma or GED, and 15.5% more than a student with a high school diploma. The average earnings of someone with an Associate Degree are \$29,080, or 112.4% more than someone without a high school diploma or GED, and 35.1% more than a student with a high school diploma or GED.
- After leaving the college, the average NJC student will spend 34 years in the workforce. The student who leaves with a two-year college degree will earn \$256,990 more than someone with a high school diploma or GED.
- Over the next 34 years in the workforce, the average NJC student's discounted lifetime earnings (i.e., future values expressed in present value terms) will increase \$6.01 for every education dollar invested (in the form of tuition, fees, books, and foregone earnings from employment).
- Students enjoy an attractive 22.8% rate of return on their NJC educational investment, and recover all costs (including wages foregone while attending NJC) in 6.3 years.