The Economic Value of the Community College of Allegheny County

Community College of Allegheny County (CCAC) 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) 2019-20.

**ECONOMIC IMPACT ANALYSIS**

In FY 2019-20, CCAC added **$1.3 billion** in income to the Allegheny County economy, a value approximately equal to **1.3%** of the county’s total gross regional product (GRP). Expressed in terms of jobs, CCAC’s impact supported **15,705 jobs**. For perspective, the activities of CCAC and its students support **one out of every 57 jobs** in Allegheny County.

**OPERATIONS SPENDING IMPACT**

- CCAC employed 1,926 full-time and part-time faculty and staff. Payroll amounted to $91.9 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another $30.5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college’s operations spending added **$123.2 million** in income to the county economy in FY 2019-20.

**CONSTRUCTION SPENDING IMPACT**

- CCAC 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 county economy.
- The net impact of CCAC’s construction spending in FY 2019-20 was **$3.4 million** in added income for Allegheny County.

**STUDENT SPENDING IMPACT**

- Around 36% of credit students attending CCAC originated from outside the county. Some of these students relocated to Allegheny County. In addition, some in-county students, referred to as retained students, would have left
Allegheny County for other educational opportunities if not for CCAC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at county businesses.

- The expenditures of relocated and retained students in FY 2019-20 added $25.4 million in income to the Allegheny County economy.

ALUMNI IMPACT

- Over the years, students have studied at CCAC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Allegheny County.
- The net impact of CCAC’s former students currently employed in the county workforce amounted to $1.2 billion in added income in FY 2019-20.

INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- CCAC’s FY 2019-20 students paid a present value of $39.8 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent $91.9 million in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive $614.5 million in increased earnings over their working lives. This translates to a return of $4.70 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 19.7%.

TAXPAYER PERSPECTIVE

- Taxpayers provided CCAC with $70.9 million of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $166.2 million. A reduced demand for government-funded services in Pennsylvania will add another $11.4 million in benefits to taxpayers.
- For every dollar of public money invested in CCAC, taxpayers will receive $2.50 in return, over the course of students’ working lives. The average annual rate of return for taxpayers is 8.2%.

SOCIAL PERSPECTIVE

- In FY 2019-20, Pennsylvania invested $232.8 million to support CCAC. In turn, the Pennsylvania economy will grow by $2.2 billion, over the course of students’ working lives. Society will also benefit from $32.6 million of public and private sector savings.
- For every dollar invested in CCAC in FY 2019-20, people in Pennsylvania will receive $9.50 in return, for as long as CCAC’s FY 2019-20 students remain active in the state workforce.

For every $1...

- Students gain in lifetime earnings: $4.70
- Taxpayers gain in added tax revenue and public sector savings: $2.50
- Society gains in added income and social savings: $9.50