

DEMONSTRATING THE VALUE OF

Richmond Community College

*Analysis of the economic impact and
return on investment of education*



FY 2012-13

Study components

**ECONOMIC
IMPACT**

*on local business
community*

**RETURN ON
INVESTMENT**

*to students, society,
and taxpayers*

ECONOMIC IMPACT ANALYSIS

Measures

impact of **COLLEGE OPERATIONS**

impact of **ALUMNI**

ECONOMIC IMPACT ANALYSIS

Approach

- Calculate **initial sales** generated in region
- Derive sales created by **multiplier effects**
- Convert results to **income**

impact of **COLLEGE OPERATIONS**

INITIAL EFFECT

College payroll

MULTIPLIER EFFECT

Income created by the
spending of the college and
its employees

\$17.5 million

\$1.26 million in Pell refund checks directly
to students this Spring alone, with 1,239
checks to students averaging \$1,019

impact of **ALUMNI**

INITIAL EFFECT

Higher wages of former students + increased output of businesses

MULTIPLIER EFFECT

Income created by the spending of students and businesses

\$86.8 million

ECONOMIC IMPACT ANALYSIS

Results

ADDED INCOME IN REGION

Impact of college operations	\$17.5 million
Impact of alumni	\$86.8 million
Total impact	\$104.2 million

INVESTMENT ANALYSIS

Measures

STUDENT *perspective*

SOCIAL *perspective*

TAXPAYER *perspective*

INVESTMENT ANALYSIS

Approach

- Calculate **benefits and costs** to stakeholders
- Derive the **future benefits stream**
- **Discount results** to current-year dollars
- Determine **net present value**,
benefit-cost ratio, and **rate of return**

STUDENT *perspective*

Benefits = Greater job opportunities + higher lifetime income

Costs = Tuition and fees + books and supplies + forgone time and money

Present value of benefits

\$121.7 million

Present value of costs

\$46.6 million

Net present value (benefits minus costs)

\$75.1 million

Benefit-cost ratio (benefits divided by costs)

2.6

Rate of return

13.0%

Benefits = Expanded economic base + savings related to improved health, reduced crime, and reduced unemployment

Costs = All college expenditures and all student expenditures and costs

Present value of benefits

\$584.4 million

Present value of costs

\$68.7 million

Net present value (benefits minus costs)

\$515.6 million

Benefit-cost ratio (benefits divided by costs)

8.5

TAXPAYER *perspective*

Benefits = Added tax revenues + reduced demand for government services

Costs = State and local government funding

Present value of benefits

\$60.1 million

Present value of costs

\$13.7 million

Net present value (benefits minus costs)

\$46.4 million

Benefit-cost ratio (benefits divided by costs)

4.4

Rate of return

15.3%

UNDERSTANDING THE RESULTS

Richmond Community College

- Creates **new income** in the region
- Supports **local jobs**
- Sustains a **skilled workforce**
- Increases students' **lifetime income**
- Expands the state's **economic base**
- Improves **quality of life**

THE RESULTS OF THIS STUDY
WERE PREPARED BY



FOR A COPY OF THE REPORT, PLEASE CONTACT THE COLLEGE.