

# The Economic Value of Gaston College

Gaston College (GC) 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.



THE GC SERVICE AREA, NC



## ECONOMIC IMPACT ANALYSIS

In FY 2019-20, GC added **\$266.9 million** in income to the GC Service Area economy, a value approximately equal to **2.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, GC's impact supported **4,843 jobs**. For perspective, the activities of GC and its students support **one out of every 28 jobs** in the GC Service Area.

### OPERATIONS SPENDING IMPACT

- GC employed 736 full-time and part-time faculty and staff. Payroll amounted to \$31.3 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 \$19 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$38.7 million** in income to the regional economy in FY 2019-20.

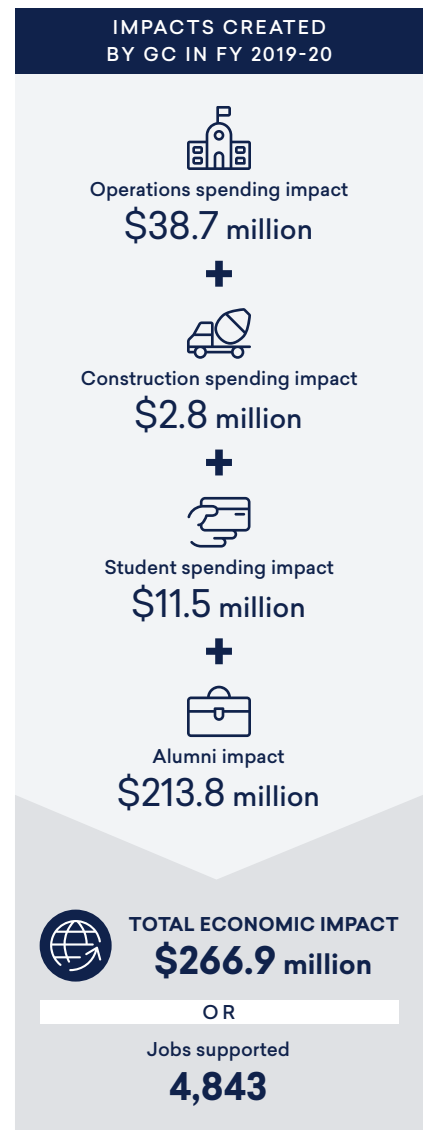
### CONSTRUCTION SPENDING IMPACT

- GC 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 GC's construction spending in FY 2019-20 was **\$2.8 million** in added income for the GC Service Area.

### STUDENT SPENDING IMPACT

- Around 17% of credit students attending GC originated from outside the region. Some of these students relocated to the GC Service Area. In addition,

\* For the purposes of this analysis, the GC Service Area is comprised of Gaston and Lincoln Counties.



some in-region students, referred to as retained students, would have left the GC Service Area for other educational opportunities if not for GC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of relocated and retained students in FY 2019-20 added **\$11.5 million** in income to the GC Service Area economy.

### ALUMNI IMPACT

- Over the years, students have studied at GC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the GC Service Area.
- The net impact of GC's former students currently employed in the regional workforce amounted to **\$213.8 million** in added income in FY 2019-20.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- GC's FY 2019-20 students paid a present value of **\$9.8 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$34.7 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 **\$226.1 million** in increased earnings over their working lives. This translates to a return of **\$5.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **26.6%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided GC with **\$36.9 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 **\$67.2 million**. A reduced demand for government-funded services in North Carolina will add another **\$4.5 million** in benefits to taxpayers.
- For every dollar of public money invested in GC, taxpayers will receive **\$1.90** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **6.2%**.

### SOCIAL PERSPECTIVE

- In FY 2019-20, North Carolina invested **\$96.3 million** to support GC. In turn, the North Carolina economy will grow by **\$758.6 million**, over the course of students' working lives. Society will also benefit from **\$13.6 million** of public and private sector savings.
- For every dollar invested in GC in FY 2019-20, people in North Carolina will receive **\$8.00** in return, for as long as GC's FY 2019-20 students remain active in the state workforce.

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



Average annual return for GC students  
**26.6%**



Stock market 30-year average annual return  
**10.6%**



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

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

### For every \$1...



Students gain in lifetime earnings  
**\$5.10**



Taxpayers gain in added tax revenue and public sector savings  
**\$1.90**



Society gains in added income and social savings  
**\$8.00**