



# The Economic Value of Prince George's Community College

Prince George's Community College (PGCC) 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) 2018-19.



PRINCE  
GEORGE'S  
COUNTY, MD



## ECONOMIC IMPACT ANALYSIS

In FY 2018-19, PGCC added **\$457.1 million** in income to the Prince George's County economy. Expressed in terms of jobs, PGCC's impact supported **6,844 jobs**.

### OPERATIONS SPENDING IMPACT

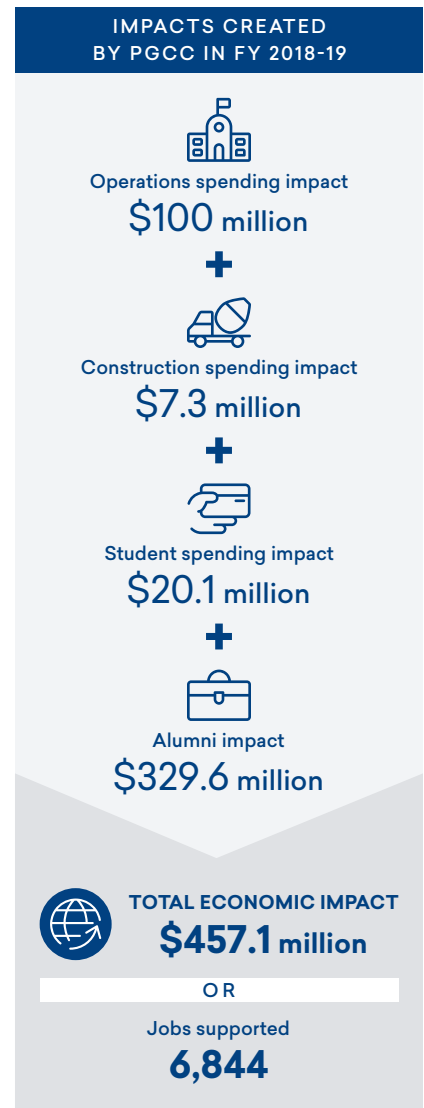
- PGCC employed 1,996 full-time and part-time faculty and staff. Payroll amounted to \$93.6 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$39.3 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$100 million** in income to the county economy in FY 2018-19.

### CONSTRUCTION SPENDING IMPACT

- PGCC 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 PGCC's construction spending in FY 2018-19 was **\$7.3 million** in added income for Prince George's County.

### STUDENT SPENDING IMPACT

- Around 5% of credit students attending PGCC originated from outside the county. Some of these students relocated to Prince George's County. In addition, some in-county students, referred to as retained students, would have left Prince George's County for other educational opportunities if not for PGCC. 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 2018-19 added **\$20.1 million** in income to the Prince George's County economy.

#### ALUMNI IMPACT

- Over the years, students have studied at PGCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Prince George's County.
- The net impact of PGCC's former students currently employed in the county workforce amounted to **\$329.6 million** in added income in FY 2018-19.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- PGCC's FY 2018-19 students paid a present value of **\$33.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$106.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$521.2 million** in increased earnings over their working lives. This translates to a return of **\$3.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **18.5%**.

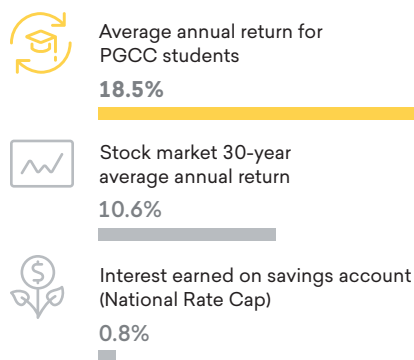
### TAXPAYER PERSPECTIVE

- Taxpayers provided PGCC with **\$91 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$122.4 million**. A reduced demand for government-funded services in Maryland will add another **\$21.6 million** in benefits to taxpayers. Total benefits to Maryland taxpayers amount to **\$144 million**.

### SOCIAL PERSPECTIVE

- In FY 2018-19, Maryland invested **\$267.1 million** to support PGCC. In turn, the Maryland economy will grow by **\$1.5 billion**, over the course of students' working lives. Society will also benefit from **\$32.3 million** of public and private sector savings.
- For every dollar invested in PGCC in FY 2018-19, people in Maryland will receive **\$5.50** in return, for as long as PGCC's FY 2018-19 students remain active in the state workforce.

#### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN PGCC



Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.

