

FACT SHEET

The Economic Value of Union County College

Union County College (Union) 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) 2016-17.

IMPACTS CREATED BY UNION IN FY 2016-17

ADDED INCOME	JOBS
\$62 million	1,303
Operations spending impact	
\$10.6 million	120
Construction spending impact	
\$6.6 million	82
Student spending impact	
\$319.9 million	4,180
Alumni impact	
\$399 million	5,685
Total impact	

IMPACT ON BUSINESS COMMUNITY

During the analysis year, Union and its students added **\$399 million** in income to the Union County economy, approximately equal to **1.0%** of the county's total gross regional product. Union's impact supported 5,685 jobs in FY 2016-17. For perspective, this means that one out of every 55 jobs in Union County is supported by the activities of Union and its students. The economic impacts of Union break down as follows:

Operations spending impact

- Union employed 1,129 full-time and part-time employees in FY 2016-17. Payroll amounted to **\$52.8 million**, much of which was spent in Union County to purchase groceries, clothing, and other household goods and services. The college spent another **\$57.7 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in Union County during the analysis year was approximately **\$62 million** in income.

Construction spending impact

- Union commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of Union's construction spending in FY 2016-17 was **\$10.6 million** in added income for Union County.

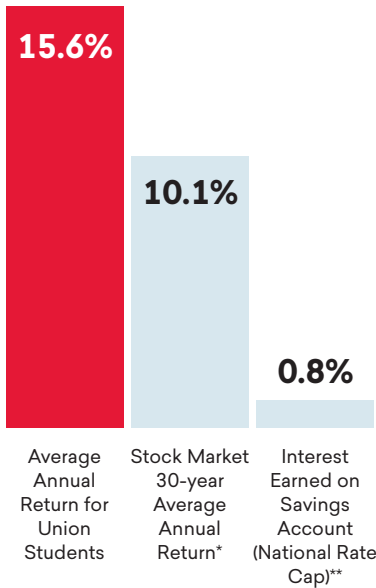
Student spending impact

- An estimated 1,402 students would have left the county if not for Union. These students, called retained students, spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of retained students during the analysis year added approximately **\$6.6 million** in income to the Union County economy.

Alumni impact

- Over the years, students have studied at Union and entered or re-entered the workforce with newly-acquired skills. Today, tens of thousands of these former students are employed in Union County.
- These students and the businesses they work for added a gross value of **\$752.7 million** in income to the county's economy during the analysis year.
- When counterfactual scenarios are considered, the net impact of former students currently employed in the county workforce amounted to **\$319.9 million** in added income during the analysis year.

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- Union's FY 2016-17 students paid a total present value of **\$36.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forewent **\$62.2 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$503.5 million** in increased earnings over their working lives. This translates to a return of **\$5.10** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **15.6%**.

Local taxpayer perspective

- In FY 2015-16, local taxpayers paid **\$14.7 million** to support Union. The net present value of the increased tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$61.4 million**. Local government savings due to students' improved lifestyles adds an additional **\$13.7 million** in benefits to local taxpayers.
- Comparing these benefits to local taxpayers and their associated costs yields a benefit-cost ratio of **5.1**. In other words, for every dollar local taxpayers invest in Union, they will receive **\$5.10** in benefits. The average annual return on investment for local taxpayers is **11.8%**.

State and local taxpayer perspective

- In FY 2016-17, state and local taxpayers in New Jersey paid **\$29.4 million** to support the operations of Union. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$227.5 million** in benefits to taxpayers. Savings to the public sector add another **\$18.4 million** in benefits due to a reduced demand for government-funded services in New Jersey.
- Dividing benefits to taxpayers by the associated costs yields a **8.4** benefit-cost ratio, i.e., every dollar in costs returns **\$8.40** in benefits. The average annual return on investment for taxpayers is **18.6%**.

Social perspective

- The economic base in New Jersey will grow by **\$2.7 billion** over the course of the students' working lives. Society will also benefit from **\$54.4 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on Union FY 2016-17 educations, society will receive a cumulative value of **\$14.70** in benefits, for as long as the FY 2016-17 student population at Union remains active in the state workforce.

For every \$1 spent by...
<p>STUDENTS</p> <p>\$5.10</p> <p>Gained in lifetime earnings for STUDENTS</p>
<p>LOCAL TAXPAYERS</p> <p>\$5.10</p> <p>Gained in added taxes and public sector savings for LOCAL TAXPAYERS</p>
<p>STATE & LOCAL TAXPAYERS</p> <p>\$8.40</p> <p>Gained in added taxes and public sector savings for STATE & LOCAL TAXPAYERS</p>
<p>SOCIETY</p> <p>\$14.70</p> <p>Gained in added state revenue and social savings for SOCIETY</p>