The Economic Value of Mohave Community College
MOHAVE COMMUNITY COLLEGE (MCC) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the county, generating new dollars and opportunities for Mohave County. MCC provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, MCC is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

MCC influences both the lives of its students and the county economy. The college supports a variety of industries in Mohave County, serves county businesses, and benefits society as a whole in Arizona from an expanded economy and improved quality of life. Additionally, the benefits created by MCC extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by MCC on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

- **Economic impact analysis**
- **Investment analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2021-22. Impacts on the Mohave County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Arizona are reported under the investment analysis.
Economic impact analysis

MCC promotes economic growth in Mohave County through its direct expenditures and the resulting expenditures of students and county businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. The college's activities attract students from outside Mohave County, whose expenditures benefit county vendors. In addition, MCC is a primary source of higher education to Mohave County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

Operations spending impact

MCC adds economic value to Mohave County as an employer of county residents and a large-scale buyer of goods and services. In FY 2021-22, the college employed 448 full-time and part-time faculty and staff, 80% of whom lived in Mohave County. Total payroll at MCC was $25.5 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent $16.7 million on day-to-day expenses related to facilities, supplies, and professional services.

MCC’s day-to-day operations spending added $26.7 million in income to the county during the analysis year. This figure represents the college’s payroll, the multiplier effects generated by the in-county spending of the college and its employees, and a downward adjustment to account for funding that the college received from county sources. The $26.7 million in added income is equivalent to supporting 465 jobs in the county.

Student spending impact

Around 11% of students attending MCC originated from outside the county in FY 2021-22, and some of these students relocated to Mohave County to attend MCC. These students may not have come to the county if the college did not exist. In addition, some in-county students, referred to as retained students, would have left Mohave County if not for the existence of MCC. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated $5.9 million in added income for the county economy in FY 2021-22, which supported 103 jobs in Mohave County.

Impacts created by MCC in FY 2021-22

- Operations spending impact: $26.7 million
- Student spending impact: $5.9 million
- Alumni impact: $122.3 million

Total economic impact: $154.9 million

Jobs supported: 2,755
Alumni impact

The education and training MCC provides for county residents has the greatest impact. Since the establishment of the college, students have studied at MCC and entered the county workforce with greater knowledge and new skills. Today, thousands of former MCC students are employed in Mohave County. As a result of their education from MCC, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, MCC alumni generated $122.3 million in added income for the county economy, which is equivalent to supporting 2,187 jobs.

Total impact

MCC added $154.9 million in income to the Mohave County economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the $154.9 million impact was equal to approximately 2.4% of the total gross regional product (GRP) of Mohave County. This contribution that the college provided on its own is almost as large as the entire Utilities industry in the county.

MCC’s total impact can also be expressed in terms of jobs supported. The $154.9 million impact supported 2,755 county jobs, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 29 jobs in Mohave County is supported by the activities of MCC and its students. In addition, the $154.9 million, or 2,755 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of MCC and its students and the activities of its alumni in the Arts, Entertainment, & Recreation industry sector supported 559 jobs in FY 2021-22. If the college did not exist, these impacts would not have been generated in Mohave County.

One out of every 29 jobs in Mohave County is supported by the activities of MCC and its students.

| MCC impacts by industry (jobs supported) |   |
|-----------------------------------------|
| Arts, Entertainment, & Recreation   | 559 |
| Health Care & Social Assistance      | 397 |
| Retail Trade                         | 235 |
| Other Services (except Public Administration) | 218 |
| Government, Non-Education            | 167 |

Economic impact analysis
An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates MCC as an investment from the perspectives of students, taxpayers, and society in Arizona.

**Student perspective**

In FY 2021-22, MCC served 5,078 credit and 646 non-credit students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by MCC’s students in FY 2021-22 amounted to a present value of $12.9 million, equal to $6.5 million in out-of-pocket expenses (including future principal and interest on student loans) and $6.4 million in forgone time and money.

In return for their investment, MCC’s students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average MCC associate degree graduate from FY 2021-22 will see annual earnings that are $6,600 higher than a person with a high school diploma or equivalent working in Arizona. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of $264 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that MCC’s FY 2021-22 students will receive over their working careers is $78.8 million.

The students' benefit-cost ratio is 6.1. In other words, for every dollar students invest in MCC in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of $6.10 in higher future earnings. Annually, the students’ investment in MCC has an average annual internal rate of return of 22.1%, which is impressive compared to the U.S. stock market’s 30-year average rate of return of 9.6%.

Students see a high rate of return for their investment in MCC

Average annual return for MCC students 22.1%

Stock market 30-year average annual return 9.6%

Interest earned on savings account (national deposit rate) 0.4%

**Taxpayer perspective**

MCC generates substantial benefits for taxpayers. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As MCC students will earn more, they will make higher tax payments throughout their working lives. Students’ employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2021-22 students’ working lives, the state and local government will have collected a present value of $19.7 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of MCC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that MCC students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students’ demand for national health care services. In addition, costs related to the justice system will decrease. MCC students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from MCC will generate $2.4 million in savings to state and local taxpayers.

Total taxpayer benefits amount to $22.1 million, the present value sum of the added tax revenues and public sector savings. Taxpayer costs are $32.6 million, equal to the amount of state and local government funding MCC received in FY 2021-22.

**Social perspective**

Society as a whole in Arizona benefits from the presence of MCC in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students’ increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Arizona.

Benefits to society also consist of the savings generated by the improved lifestyles of MCC students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

**Social benefits in Arizona from MCC**

- **Added student income**: $194.9 million
- **Added income from college activities**: $29.2 million
- **Total benefits to society**: $294.3 million
- **Social savings**: $6.2 million
- **Total business income**: $64 million

Source: Lightcast impact model.
Altogether, the social benefits of MCC equal a present value of $294.3 million. These benefits include $194.9 million in added student income, $64.0 million in added business income, $29.2 million in added income from college activities, as well as $6.2 million in social savings related to health, the justice system, and income assistance in Arizona. People in Arizona invested a present value total of $50.6 million in MCC in FY 2021-22. The cost includes all the college and student costs.

The benefit-cost ratio for society is 5.8, equal to the $294.3 million in benefits divided by the $50.6 million in costs. In other words, for every dollar invested in MCC, people in Arizona will receive a cumulative value of $5.80 in benefits. The benefits of this investment will occur for as long as MCC’s FY 2021-22 students remain employed in the state workforce.

**Summary of investment analysis results**

The results of the analysis demonstrate that MCC is a strong investment for students and society. As shown, students receive a great return for their investments in a MCC education. From the taxpayers’ perspective, the benefits generated by the college and its students recover a significant portion of the costs borne by taxpayers and create a wide range of social benefits throughout Arizona.

### Student perspective

<table>
<thead>
<tr>
<th>Present value benefits</th>
<th>$78.8 million</th>
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</thead>
<tbody>
<tr>
<td>Present value costs</td>
<td>$12.9 million</td>
</tr>
<tr>
<td>Net present value</td>
<td>$65.8 million</td>
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</tbody>
</table>

**Benefit-cost ratio**: 6.1
**Rate of return**: 22.1%

### Taxpayer perspective

| Present value benefits | $22.1 million |

### Social perspective

<table>
<thead>
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<th>Present value benefits</th>
<th>$294.3 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value costs</td>
<td>$50.6 million</td>
</tr>
<tr>
<td>Net present value</td>
<td>$243.6 million</td>
</tr>
</tbody>
</table>

**Benefit-cost ratio**: 5.8
**Rate of return**: n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.
Conclusion

The results of this study demonstrate that MCC creates value from multiple perspectives. The college benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. MCC enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, MCC benefits society as a whole in Arizona by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2021-22 academic and financial reports from MCC, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.

Lightcast

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