

The Economic Value of Mohave Community College

FACT SHEET

MOHAVE Community College (MCC) 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) 2017-18.



Economic impact analysis

In FY 2017-18, MCC added **\$214 million** in income to the Mohave County economy, a value approximately equal to **4.4%** of the county's total gross regional product (GRP). Expressed in terms of jobs, MCC's impact supported **4,101 jobs**. For perspective, the activities of MCC and its students support **one out of every 18 jobs** in Mohave County.

OPERATIONS SPENDING IMPACT

- MCC employed 498 full-time and part-time faculty and staff. Payroll amounted to \$20.1 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 \$9.4 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$18.6 million** in income to the county economy in FY 2017-18.

CONSTRUCTION SPENDING IMPACT

- MCC 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 MCC's construction spending in FY 2017-18 was **\$583.2 thousand** in added income for Mohave County.

STUDENT SPENDING IMPACT

- Around 12% of credit students attending MCC originated from outside the county. Some of these students relocated to Mohave County. In addition, some in-county students, referred to as retained students, would have left

IMPACTS CREATED
BY MCC IN FY 2017-18



\$18.6 million
Operations Spending Impact



\$583.2 thousand
Construction Spending Impact



\$8.6 million
Student Spending Impact



\$186.2 million
Alumni Impact



\$214 million
TOTAL IMPACT

- OR -

4,101
JOBS SUPPORTED



Mohave County for other educational opportunities if not for MCC. 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 2017-18 added **\$8.6 million** in income to the Mohave County economy.

ALUMNI IMPACT

- Over the years, students have studied at MCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Mohave County.
- The net impact of MCC's former students currently employed in the county workforce amounted to **\$186.2 million** in added income in FY 2017-18.



Investment analysis

STUDENT PERSPECTIVE

- MCC's FY 2017-18 students paid a present value of **\$6.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$17.4 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$123.7 million** in increased earnings over their working lives. This translates to a return of **\$5.30** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.2%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided MCC with **\$25.6 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$27.8 million**. A reduced demand for government-funded services in Arizona will add another **\$2.7 million** in benefits to taxpayers.
- For every dollar of public money invested in MCC, taxpayers will receive **\$1.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **2.1%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Arizona invested **\$50.9 million** to support MCC. In turn, the Arizona economy will grow by **\$375.7 million**, over the course of students' working lives. Society will also benefit from **\$7.6 million** of public and private sector savings.
- For every dollar invested in MCC in FY 2017-18, people in Arizona will receive **\$7.50** in return, for as long as MCC's FY 2017-18 students remain active in the state workforce.

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



21.2%

Average annual return for MCC students



9.9%

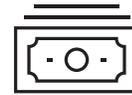
Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

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



FOR EVERY \$1...



Students gain

\$5.30

in lifetime earnings



Taxpayers gain

\$1.20

in added tax revenue and public sector savings



Society gains

\$7.50

in added income and social savings

