

The Economic Value of Mercer County Community College





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

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

This study measures the economic impacts created by MCCC 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) 2023-24. Impacts on the Mercer 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 New Jersey are reported under the investment analysis.



MCCC influences both the **lives of its students** and the **county economy**.



Economic impact analysis

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

Operations spending impact



MCCC adds economic value to Mercer County as an employer of county residents and a large-scale buyer of goods and services. In FY 2023-24, the college employed 1,053 full-time and part-time faculty and staff, 86% of whom lived in Mercer County. Total payroll at MCCC was \$45.3 million, much of which was spent in the county on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$34.5 million on expenses related to facilities, supplies, and professional services (excluding construction).

MCCC's operations spending added **\$54.4 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 \$54.4 million in added income is equivalent to supporting **1,082 jobs** in the county.

Construction spending impact



MCCC invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the county economy. In FY 2023-24, MCCC's construction spending generated **\$488.1 thousand** in added income, which is equivalent to supporting **seven jobs**.

Impacts created by
MCCC in FY 2023-24



Operations spending impact

\$54.4 million

+



Construction spending impact

\$0.5 million

+



Student spending impact

\$4.0 million

+



Alumni impact

\$296.1 million



Total economic impact

\$355.1 million

OR



Jobs supported

3,796



Student spending impact



Some in-county students, referred to as retained students, would have left Mercer County if not for the existence of MCCC. While attending the college, these retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated **\$4.0 million** in added income for the county economy in FY 2023-24, which supported **55 jobs** in Mercer County.

Alumni impact



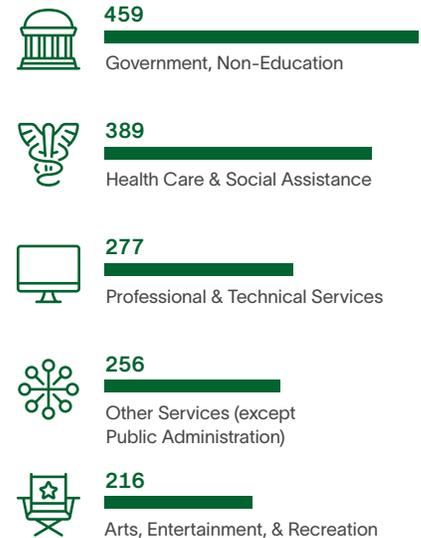
The education and training MCCC provides for county residents has the greatest impact. Since the establishment of the college, students have studied at MCCC and entered the county workforce with greater knowledge and new skills. Today, thousands of former MCCC students are employed in Mercer County. As a result of their education from MCCC, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, MCCC alumni generated **\$296.1 million** in added income for the county economy, which is equivalent to supporting **2,652 jobs**.

Total impact

MCCC added **\$355.1 million** in income to the Mercer County economy during the analysis year, equal to the sum of the operations and construction spending impacts, the student spending impact, and the alumni impact. For context, the \$355.1 million impact was equal to approximately **0.7%** of the total gross regional product (GRP) of Mercer County. This contribution that the college provided on its own is nearly half as large as the entire Utilities industry in the county.

MCCC's total impact can also be expressed in terms of jobs supported. The \$355.1 million impact supported **3,796 county jobs**, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 96 jobs in Mercer County is supported by the activities of MCCC and its students. In addition, the \$355.1 million, or 3,796 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of MCCC and its students and the activities of its alumni in the Health Care & Social Assistance industry sector supported 389 jobs in FY 2023-24. If the college did not exist, these impacts would not have been generated in Mercer County.

MCCC impacts by industry (jobs supported)



One out of every 96 jobs in Mercer County is supported by the activities of MCCC and its students.





Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates MCCC as an investment from the perspectives of students, taxpayers, and society in New Jersey. As with the economic impact analysis, this analysis considers only FY 2023-24 activities.

Student perspective



In FY 2023-24, MCCC served 8,855 credit and 3,254 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 MCCC's students in FY 2023-24 amounted to a present value of \$54.6 million, equal to \$32.1 million in out-of-pocket expenses (including future principal and interest on student loans) and \$22.5 million in forgone time and money.

In return for their investment, MCCC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average MCCC associate degree graduate from FY 2023-24 will see annual earnings that are \$11,500 higher than a person with a high school diploma or equivalent working in New Jersey. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$517,500 in higher earnings per graduate. The present value of the cumulative higher future earnings that MCCC's FY 2023-24 students will receive over their working careers is \$170.4 million.

The students' benefit-cost ratio is 3.1. In other words, for every dollar students invest in MCCC in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$3.10 in higher future earnings. Annually, the students' investment in MCCC has an average annual internal rate of return of 11.9%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.9%.

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



Average annual return for MCCC students
11.9%



Stock market 30-year average annual return
10.9%

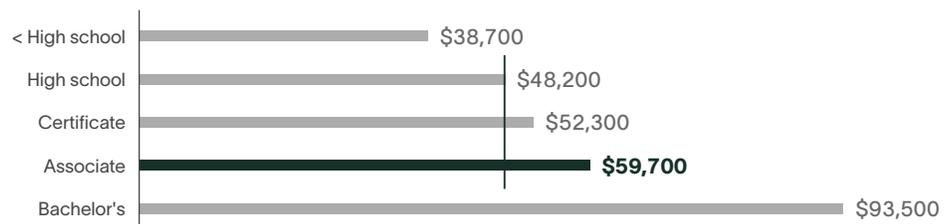


Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1994-2025; FDIC.gov, January 2024

Average earnings by education level at career midpoint

The average associate degree graduate from MCCC will see an increase in earnings of **\$11,500** each year compared to a person with a high school diploma or equivalent working in New Jersey.



Source: Lightcast employment data



Taxpayer perspective



MCCC generates more in tax revenue than it receives. 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 MCCC 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 2023-24 students' working lives, the state and local government will have collected a present value of \$56.0 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of MCCC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that MCCC students receive will generate savings in three main categories: 1) health care, 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. MCCC 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 MCCC will generate \$19.7 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$75.7 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$33.3 million, equal to the amount of state and local government funding MCCC received in FY 2023-24. These benefits and costs yield a benefit-cost ratio of 2.3. This means that for every dollar of public money invested in MCCC in FY 2023-24, taxpayers will receive a cumulative present value of \$2.30 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 5.9%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in MCCC, taxpayers will receive a cumulative value of **\$2.30** over the course of the students' working lives.

Social perspective



Society as a whole in New Jersey benefits from the presence of MCCC 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 New Jersey.

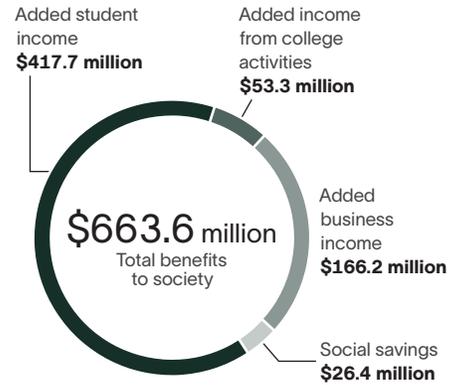
Benefits to society also consist of the savings generated by the improved lifestyles of MCCC students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance 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.

Altogether, the social benefits of MCCC equal a present value of \$663.6 million. These benefits include \$417.7 million in added student income, \$166.2 million in added business income, \$53.3 million in added income from college activities, as well as \$26.4 million in social savings related to health, the justice system, and income assistance in New Jersey. People in New Jersey invested a present value total of \$118.8 million in MCCC in FY 2023-24. The cost includes all the college and student costs.

The benefit-cost ratio for society is 5.6, equal to the \$663.6 million in benefits divided by the \$118.8 million in costs. In other words, for every dollar invested in MCCC, people in New Jersey will receive a cumulative value of \$5.60 in benefits. The benefits of this investment will occur for as long as MCCC's FY 2023-24 students remain employed in the state workforce.

Social benefits in New Jersey from MCCC



Source: Lightcast impact model

Summary of investment analysis results

The results of the analysis demonstrate that MCCC is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from MCCC. At the same time, taxpayers' investment in MCCC returns more to government budgets than it costs and creates a wide range of social benefits throughout New Jersey.

Summary of investment analysis results

 Student perspective		 Taxpayer perspective		 Social perspective	
Present value benefits \$170.4 million		Present value benefits \$75.7 million		Present value benefits \$663.6 million	
Present value costs \$54.6 million		Present value costs \$33.3 million		Present value costs \$118.8 million	
Net present value \$115.7 million		Net present value \$42.4 million		Net present value \$544.8 million	
Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
3.1	11.9%	2.3	5.9%	5.6	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 MCCC creates value from **multiple perspectives**.*

The college benefits businesses in the county by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. MCCC 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, MCCC benefits society as a whole in New Jersey 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 2023-24 academic and financial reports from MCCC, 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 provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.

The Economic Value of Mercer County Community College



Mercer County Community College (MCCC) 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) 2023-24.

Economic impact analysis

In FY 2023-24, MCCC added **\$355.1 million** in income to Mercer County economy, a value approximately equal to **0.7%** of the county's total gross regional product (GRP). Expressed in terms of jobs, MCCC's impact supported **3,796 jobs**. For perspective, the activities of MCCC and its students support **one out of every 96 jobs** in Mercer County.



Operations spending impact

- MCCC employed 1,053 full-time and part-time faculty and staff. Payroll amounted to \$45.3 million, much of which was spent in the county on groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$34.5 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college's operations spending added **\$54.4 million** in income to the county economy in FY 2023-24.

Construction spending impact

- MCCC invests in capital projects 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 MCCC's construction spending in FY 2023-24 was **\$488.1 thousand** in added income for Mercer County.

Student spending impact

- Some in-county students, referred to as retained students, would have left Mercer County for other educational opportunities if not for MCCC. These retained students spent money on groceries, mortgage and rent payments, and other living expenses at businesses in the county.
- The expenditures of retained students in FY 2023-24 added **\$4.0 million** in income to the Mercer County economy.

Alumni impact

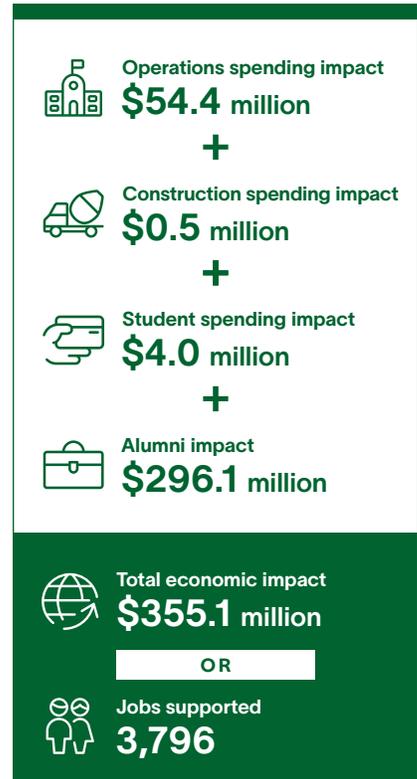
- Over the years, students have studied at MCCC and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in Mercer County.
- The net impact of MCCC's former students currently employed in the county workforce amounted to **\$296.1 million** in added income in FY 2023-24.

Investment analysis

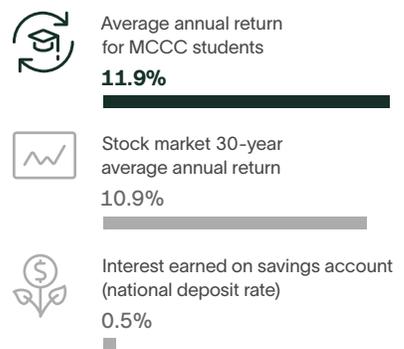
Student perspective

- MCCC's FY 2023-24 students paid a present value of **\$32.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$22.5 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$170.4 million** in increased earnings over their working lives. This translates to a return of **\$3.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **11.9%**.

Impacts created by MCCC in FY 2023-24



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



Source: Forbes' S&P 500, 1994-2025; FDIC.gov, January 2024



Taxpayer perspective

- Taxpayers provided MCCC with **\$33.3 million** of funding in FY 2023-24. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$56.0 million**. A reduced demand for government-funded services in New Jersey will add another **\$19.7 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$75.7 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in MCCC, taxpayers will receive **\$2.30** in return over the course of students' working lives. The average annual rate of return for taxpayers is **5.9%**.

Social perspective

- In FY 2023-24, New Jersey invested **\$118.8 million** to support MCCC. In turn, the New Jersey economy will grow by **\$637.2 million** over the course of students' working lives. Society will also benefit from **\$26.4 million** of public and private sector savings.
- For every dollar invested in MCCC in FY 2023-24, people in New Jersey will receive **\$5.60** in return, for as long as MCCC's FY 2023-24 students remain active in the state workforce.



The Economic Value of Mercer County Community College



Mercer County
New Jersey

About MCCC



Economic impact analysis



\$296.1 million Added income

Alumni impact

Impact of the increased earnings of MCCC alumni and the businesses they work for

An economic boost similar to hosting the World Series **46x**



OR **2,652** Jobs supported



1 out of every **96**

jobs in Mercer County is supported by the activities of MCCC and its students.



\$54.4 million Added income

Operations spending impact

Impact of annual payroll and other spending

Enough to buy **1,151** new cars



OR **1,082** Jobs supported



\$4.0 million Added income

Student spending impact

Impact of the daily spending of MCCC students retained in the county

Enough to buy **273** families* a year's worth of groceries



OR **55** Jobs supported



\$0.5 million Added income

Construction spending impact

Impact of expenditures for ongoing construction projects

OR **7** Jobs supported

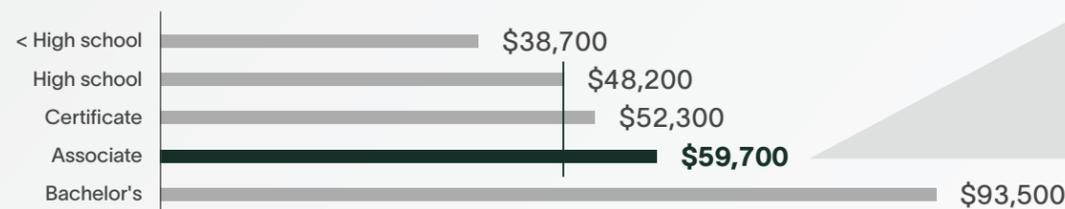


● = 50 jobs * = family of four

Investment analysis



Average earnings by education level at career midpoint



The average associate degree graduate from MCCC will see an increase in earnings of **\$11,500** each year compared to someone with a high school diploma working in New Jersey.

For every **\$1...**



\$3.10

Students gain **\$3.10** in higher lifetime earnings



\$2.30

Taxpayers gain **\$2.30** in added tax revenue and public sector savings



Society gains **\$5.60** in added income and social savings