

# The Economic Value of Gadsden State Community College

Gadsden State Community College (GSCC) 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) 2020-21.

## Economic impact analysis

In FY 2020-21, GSCC added **\$207.9 million** in income to the GSCC Service Area\* economy, a value approximately equal to **1.9%** of the region's total gross regional product (GRP). Expressed in terms of jobs, GSCC's impact supported **3,555 jobs**. For perspective, the activities of GSCC and its students support **one out of every 41 jobs** in the GSCC Service Area.

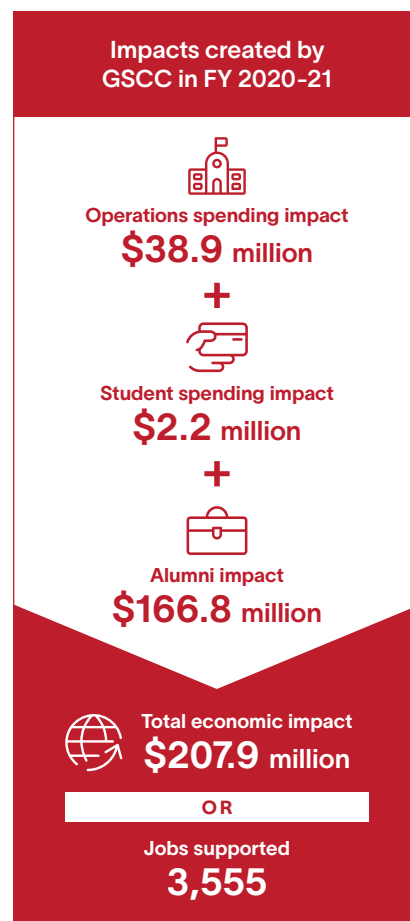
### Operations spending impact

- GSCC employed 538 full-time and part-time faculty and staff. Payroll amounted to \$29.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$23.1 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$38.9 million** in income to the regional economy in FY 2020-21.

### Student spending impact

- Some in-region students, referred to as retained students, would have left the GSCC Service Area for other educational opportunities if not for GSCC. In addition, around 30% of credit students attending GSCC originated from outside the region.

\* For the purposes of this analysis, the GSCC Service Area is comprised of Calhoun, Cherokee, Cleburne, Etowah, and St. Clair Counties.



Some of these students relocated to the GSCC Service Area. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of relocated and retained students in FY 2020-21 added **\$2.2 million** in income to the GSCC Service Area economy.

### Alumni impact

- Over the years, students have studied at GSCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the GSCC Service Area.
- The net impact of GSCC's former students currently employed in the regional workforce amounted to **\$166.8 million** in added income in FY 2020-21.



THE GSCC SERVICE AREA, AL

## Investment analysis

### Student perspective

- GSCC's FY 2020-21 students paid a present value of **\$10 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$20 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$207.7 million** in increased earnings over their working lives. This translates to a return of **\$6.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.7%**.

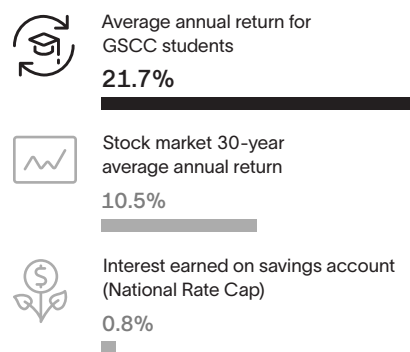
### Taxpayer perspective

- Taxpayers provided GSCC with **\$26.5 million** of funding in FY 2020-21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$58 million**. A reduced demand for government-funded services in Alabama will add another **\$4.7 million** in benefits to taxpayers.
- For every dollar of public money invested in GSCC, taxpayers will receive **\$2.40** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.9%**.

### Social perspective

- In FY 2020-21, Alabama invested **\$75.7 million** to support GSCC. In turn, the Alabama economy will grow by **\$666.7 million**, over the course of students' working lives. Society will also benefit from **\$16.5 million** of public and private sector savings.
- For every dollar invested in GSCC in FY 2020-21, people in Alabama will receive **\$9.00** in return, for as long as GSCC's FY 2020-21 students remain active in the state workforce.

### Students see a high rate of return for their investment in GSCC



Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

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

	<b>Students</b> gain in lifetime earnings <b>\$6.90</b>
	<b>Taxpayers</b> gain in added tax revenue and public sector savings <b>\$2.40</b>
	<b>Society</b> gains in added income and social savings <b>\$9.00</b>

