The Maryland Association of Community Colleges (MACC) creates a significant positive impact on the business community and generate a return on investment to their 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2015-16.

**IMPACT ON BUSINESS COMMUNITY**

During the analysis year, Maryland’s community colleges and their students added $9.9 billion in added income to the Maryland economy, approximately equal to 2.9% of the state’s total GSP. By comparison, this impact from the community colleges is slightly larger than the entire Transportation & Warehousing industry in the state. The economic impacts of the community colleges break down as follows:

**Operations spending impact**

- Maryland’s community colleges employed 18,843 full-time and part-time employees in FY 2015-16. Payroll amounted to $965.3 million, much of which was spent in Maryland to purchase groceries, clothing, and other household goods and services. The community colleges spent another $476.9 million to support their day-to-day operations.

- The net impact of the community colleges’ payroll and expenses in Maryland during the analysis year was approximately $992.6 million in added income.

**Impact of student spending**

- Around 4% of students attending Maryland’s community colleges originated from outside the state. Some of these students relocated to Maryland. In addition, a number of students would have left the state if not for the community colleges. These relocator and retained students spent money on groceries, transportation, rent, and so on at state businesses.

- The expenditures of relocator and retained students during the analysis year added approximately $282.9 million in income to the Maryland economy.
Alumni impact

- Over the years, students have studied at Maryland’s community colleges and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Maryland.
- The accumulated contribution of former students currently employed in the state workforce amounted to $8.6 billion in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- Maryland’s community colleges’ FY 2015-16 students paid a total of $440.4 million to cover the cost of tuition, fees, and supplies. They also forwent $2.1 billion in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the community colleges, students will receive a present value of $6.4 billion in increased earnings over their working lives. This translates to a return of $2.60 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 12.1%.

Taxpayer perspective

- In FY 2015-16, state and local taxpayers in Maryland paid $830.9 million to support the operations of the community colleges. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to $1.1 billion in benefits to taxpayers. Savings to the public sector add another $184.1 million in benefits due to a reduced demand for government-funded services in Maryland.
- Dividing benefits to taxpayers by the associated costs yields a 1.5 benefit-cost ratio, i.e., every $1 in costs returns $1.50 in benefits. The average annual return on investment for taxpayers is 4.2%.

Social perspective

- The economic base in Maryland will grow by $12.9 billion over the course of the students’ working lives. Society will also benefit from $494 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 educations provided by Maryland’s community colleges during the analysis year, society will receive a cumulative value of $3.70 in benefits, for as long as the FY 2015-16 student population at the community colleges remain active in the state workforce.