

# THE ECONOMIC VALUE

## Of the HACC Lancaster Campus

SEPTEMBER 2015

*The HACC Lancaster Campus (HACC Lancaster) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, society, and taxpayers. 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) 2013-14.*

### INCOME CREATED BY HACC LANCASTER IN FY 2013-14 (ADDED INCOME)

**\$25.3 MILLION**

Operations spending impact

**\$1.3 MILLION**

Impact of student spending

**\$48.6 MILLION**

Alumni impact

**\$75.3 MILLION**

Total impact

### IMPACT ON BUSINESS COMMUNITY

During the analysis year, HACC Lancaster and its students added **\$75.3 MILLION** in income to the Lancaster County economy, approximately equal to **0.3%** of the Gross Regional Product. The economic impacts of HACC Lancaster break down as follows:

#### Operations spending impact

- HACC Lancaster employed 379 full-time and part-time employees in FY 2013-14. Payroll amounted to **\$21.8 MILLION**, much of which was spent in Lancaster County to purchase groceries, clothing, and other household goods and services. The college spent another **\$15.5 MILLION** to support its day-to-day operations.
- The net impact of college payroll and expenses in Lancaster County during the analysis year was approximately **\$25.3 MILLION** in added income.

#### Impact of student spending

- Around 15% of students attending HACC Lancaster originated from outside the county. Some of these students relocated to Lancaster County and spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of students who relocated to the region during the analysis year added approximately **\$1.3 MILLION** in income to the economy.

#### Alumni impact

- Over the years, students have studied at HACC Lancaster and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Lancaster County.
- The accumulated contribution of former students currently employed in the county workforce amounted to **\$48.6 MILLION** in added income during the analysis year.

## JOBS BASED ON INCOME

These jobs represent full- and part-time jobs that would not have occurred in the county without the college. They are calculated by jobs to sales ratios specific to each industry. Based on the added income created by HACC Lancaster, the jobs are as follows:

Operations spending impact = **423** jobs

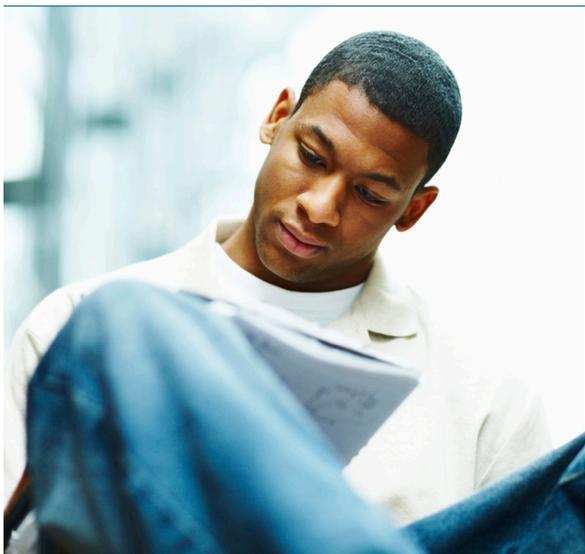
Impact of student spending = **20** jobs

Alumni impact = **839** jobs

Overall, the added income created by HACC Lancaster and its students supported **1,283** jobs.

## FOR EVERY \$1 SPENT BY...

<b>STUDENTS</b>	<b>\$2.60</b> Gained in lifetime income for STUDENTS
<b>SOCIETY</b>	<b>\$8.20</b> Gained in added state income and social savings for SOCIETY
<b>TAXPAYERS</b>	<b>\$8.50</b> Gained in added taxes and public sector savings for TAXPAYERS



## RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

### Student perspective

- HACC Lancaster's 2013-14 students paid a total of **\$20.4 MILLION** to cover the cost of tuition, fees, books, and supplies. They also forewent **\$32.3 MILLION** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$134.8 MILLION** in increased earnings over their working lives. This translates to a return of **\$2.60** in higher future income for every \$1 that students invest in their education. The average annual return for students is **11.2%**.

### Social perspective

- Society as a whole in Pennsylvania will receive a present value of **\$591.5 MILLION** in added state income over the course of the students' working lives. Society will also benefit from **\$17 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 HACC Lancaster educations during the analysis year, society will receive a cumulative value of **\$8.20** in benefits, for as long as the 2013-14 student population at HACC Lancaster remains active in the state workforce.

### Taxpayer perspective

- In FY 2013-14, state and local taxpayers in Pennsylvania paid **\$6.1 MILLION** to support the operations of HACC Lancaster. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$47.9 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$4 MILLION** in benefits due to a reduced demand for government-funded services in Pennsylvania.
- Dividing benefits to taxpayers by the associated costs yields a **8.5** benefit-cost ratio, i.e., every \$1 in costs returns \$8.50 in benefits. The average annual return on investment for taxpayers is **31.9%**.