

North Central Texas College (NCTC) 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) 2016-17.

IMPACT ON BUSINESS COMMUNITY

IMPACTS CREATED BY NCTC IN FY 2016-17

ADDED INCOME	JOBS
\$38.7 million	902
Operations spending impact	
\$546.6 thousand	8
Construction spending impact	
\$14.3 million	227
Student spending impact	
\$143.2 million	2,351
Alumni impact	
\$196.7 million	3,488
Total impact	

During the analysis year, NCTC and its students added **\$196.7 million** in income to the NCTC Service Area economy, approximately equal to **0.5%** of the region's total gross regional product (GRP). By comparison, this impact from the college is nearly as large as the entire Arts, Entertainment, & Recreation industry. The economic impacts of NCTC break down as follows:

Operations spending impact

- NCTC employed 765 full-time and part-time employees in FY 2016-17. Payroll amounted to **\$30.1 million**, much of which was spent in the NCTC Service Area to purchase groceries, clothing, and other household goods and services. The college spent another **\$28.6 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the NCTC Service Area during the analysis year was approximately **\$38.7 million** in income.

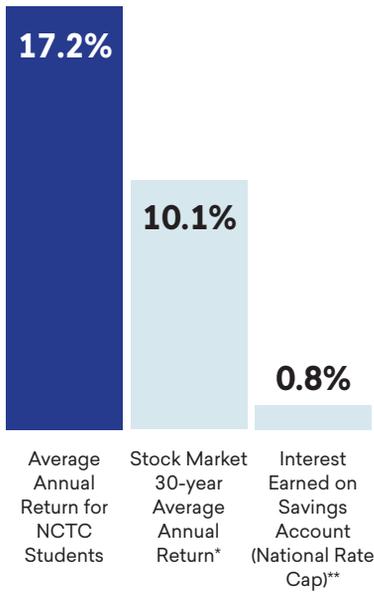
Construction spending impact

- NCTC commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of NCTC's construction spending in FY 2016-17 was **\$546.6 thousand** in added income for the NCTC Service Area.

Student spending impact

- Around **15%** of students attending NCTC originated from outside the region. Some of these students relocated to the NCTC Service Area. In addition, a number of students would have left the region if not for NCTC. These relocated and retained students spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of relocated and retained students during the analysis

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

year added approximately **\$14.3 million** in income to the NCTC Service Area economy.

Alumni impact

- Over the years, students have studied at NCTC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the NCTC Service Area.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$143.2 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- NCTC's FY 2016-17 students paid a total present value of **\$28.3 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$53.1 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 **\$438.1 million** in increased earnings over their working lives. This translates to a return of **\$5.40** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **17.2%**.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in Texas paid **\$21 million** to support the operations of NCTC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$159.7 million** in benefits to taxpayers. Savings to the public sector add another **\$12.8 million** in benefits due to a reduced demand for government-funded services in Texas.
- Dividing benefits to taxpayers by the associated costs yields a 8.2 benefit-cost ratio, i.e., every \$1 in costs returns **\$8.20** in benefits. The average annual return on investment for taxpayers is **17.8%**.

Social perspective

- The economic base in Texas will grow by **\$2.5 billion** over the course of the students' working lives. Society will also benefit from **\$47.1 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 NCTC FY 2016-17 educations, society will receive a cumulative value of **\$20.60** in benefits, for as long as the FY 2016-17 student population at NCTC remains active in the state workforce.

