

# The Economic Value of Montgomery College



Montgomery College (MC) 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 FY2023.





## Economic impact analysis

In FY2023, MC added **\$1.4 billion** in income to the Montgomery County economy, a value approximately equal to **1.4%** of the region's total gross regional product (GRP). Expressed in terms of jobs, MC's impact supported **14,998 jobs**. For perspective, the activities of MC and its students support **one out of every 51 jobs** in Montgomery County.

### Operations spending impact

- MC employed 4,036 full-time and part-time faculty and staff. Payroll amounted to \$246.2 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 \$62.4 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college's operations spending added **\$243.7 million** in income to the regional economy in FY2023.

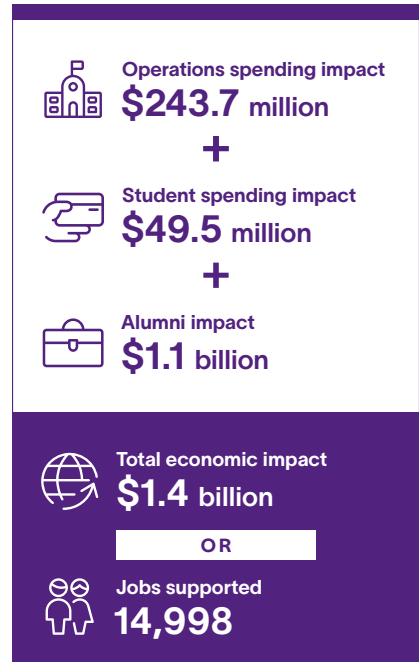
### Student spending impact

- Around 11% of students attending MC originated from outside the region. Some of these students relocated to Montgomery County. In addition, some in-region students, referred to as retained students, would have left Montgomery County for other educational opportunities if not for MC. 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 FY2023 added **\$49.5 million** in income to the Montgomery County economy.

### Alumni impact

- Over the years, students have studied at MC and entered or re-entered the workforce with newly acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Montgomery County.
- The net impact of MC's former students currently employed in the regional workforce amounted to an estimated **\$1.1 billion** in added income in FY2023.

Impacts created by  
MC in FY 2022-23



# Investment analysis

## Student perspective

- MC's FY2023 students paid a present value of **\$66.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$139.7 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 **\$964.6 million** in increased earnings over their working lives. This translates to a return of **\$4.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **18.3%**.

## Taxpayer perspective

- Taxpayers provided MC with **\$278.7 million** of funding in FY2023. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$278.2 million**. A reduced demand for government-funded services in Maryland will add another **\$44.7 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$322.9 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in MC, taxpayers will receive **\$1.20** in return over the course of students' working lives. The average annual rate of return for taxpayers is **1.6%**.

## Social perspective

- In FY2023, MC and its students experienced **\$466.7 million** in costs. In turn, the Maryland economy will grow by **\$3.4 billion**, over the course of students' working lives. Society will also benefit from **\$79.9 million** of public and private sector savings.
- For every dollar invested in MC in FY2023, people in Maryland will receive **\$7.40** in return, for as long as MC's FY2023 students remain active in the state workforce.

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



Average annual return for MC students

**18.3%**



Stock market 30-year average annual return

10.1%



Interest earned on savings account (national deposit rate)

0.5%

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

