



Economic Impact



A Report of the Impact of
**GLOUCESTER
COUNTY COLLEGE**
on the Local Economy



Fiscal Year 2001



For the past 35 years, Gloucester County College has been committed to a mission that enables it to meet the needs of a dynamic community:

Gloucester County College is a center for learning that strives for academic excellence, supports the economic development of the community and seeks to enhance the community's quality of life. Through affordable, accessible programs and services, the College promotes intellectual and cultural enrichment, individual achievement, and professional development. The College promotes a respectful and welcoming environment and commits to being responsible and proactive to the needs of students, staff, and community.

As the College carries out its programs and services, the direct and indirect economic impact on the surrounding local economy is astounding.

*During fiscal year 2001, the direct economic impact totaled more than **\$31 million** from expenditures, **\$13 million** in revenue from out-of-county sources, and more than **\$13.7 million** in increased earnings potential for its students.*



This report tracks three types of benefits that measure economic impact:

❑ **Direct economic impact of the college**

This is a measure resulting from dollars that are spent by the College, its employees and students and then re-spent throughout the county. It is based on an economic impact model that has been used by community colleges for more than 10 years.¹

❑ **Revenue from out-of-county sources**

This is revenue that would not flow into the county if GCC were not part of its economic base.

❑ **Increased earnings potential**

Since the majority of students participating in accredited academic programs remain in the county after graduation, higher earnings lead to increased buying power and result in a tremendous benefit to the communities within Gloucester County.

Total Economic Impact

\$31 million

During fiscal year 2001², these measures had the following impact:

Expenditure Impact

Gloucester County College had a direct economic impact of more than **\$31 million** on the local economy.

Revenue Impact

Gloucester County College worked hard to bring additional dollars into the community, attracting more than **\$13 million** in revenue from out-of-county sources.

Educational Impact

In keeping with its mission to educate residents, the College helped students increase their annual earnings potential by more than **\$13.7 million.**



About Gloucester County College

The College has served more than 85,000 residents with accredited academic programs.

Gloucester County College has served the educational needs of county residents for nearly 35 years. In fiscal year 2001, the College enrolled 2,357 full-time and 2,302 part-time students and attracted thousands more through its non-credit, community service, and cultural events programming. In fall 2002, enrollment set an all-time record at GCC, topping 5,400 students. In addition to students and visitors, the College also employs 472 full- and part-time staff.

Gloucester County College is a publicly supported institution whose mission includes providing educational opportunities to the citizens of Gloucester County. In support of this mission, the College operates with the fiscal assistance of the county, the state, and the students who seek direct benefit. These sources of revenue make up the College's operating budget and allow it to fulfill its mission. In FY 2001, the total operating budget was \$21,724,187.

As a publicly supported institution, it is important to note that Gloucester County College has achieved 100% on the state's performance funding criteria for both fiscal years 2001 and 2002.

GCC achieved 100% on the New Jersey performance funding criteria in fiscal years 2001 and 2002.

The state's performance funding criteria is a measure used by the New Jersey Commission on Higher Education to determine



accountability in higher education. The College's perfect score demonstrates its commitment to making programs responsive to students and accountable to financial supporters.

The College maintains an important physical presence in the community it serves.

Gloucester County College maintains an important physical presence in the community as well. Its main campus occupies 270 acres, with five major instructional buildings, including a Nursing and Allied Health Facility, classroom and laboratory buildings, and a Police Academy. In 2002, the College completed construction of the 34,000 sq. ft. Virginia N. Scott Center for Science and Technology. This newest facility represents a commitment on the part of the College to continually advance its technology-based programs and provide the type of student that will aid in on-going efforts to attract high-tech industry to Gloucester County.

The College's commitment to economic growth is also embedded in its mission to support the economic development of the community. In addition to supporting students, the College has also made a significant pledge to support professional development and training for businesses throughout the county. Through its Business and Industry Training Center in West Deptford, GCC offers customized and computer training to businesses region-wide. With more than 70 specialized academic and career programs, the College is poised to work with almost any industry in need of training.

GCC has pledged to support the professional development and training of county businesses.

The Virginia N. Scott Center for Science and Technologies opened in September, 2002. The state-of-the-art facility houses science and computer laboratories and classrooms.



Expenditure Impact

In fiscal year 2001, the College, its students, and employees spent more than \$15 million in Gloucester County.

This spending stimulated additional economic activity, resulting in an economic impact of more than \$30 million. The direct economic impact of spending in the county is determined by calculating the three sources of expenditures generated by the College, including college, employee, and student expenditures.

College Expenditures

This figure is the actual in-county purchases made by the College during fiscal year 2001 as calculated from college business records and sorted by zip code. It includes expenditures made on such items as food services, materials and supplies, and building and grounds projects. While it also includes spending by the Foundation, it does not include spending on scholarships or other "transfers" from which the College would benefit.

Employee Expenditures

Employee expenditures are calculated by determining a percentage of salary and wages spent by employees in Gloucester County. The figure begins with the total disposable income of College employees, minus all taxes, retirement contributions, and benefits. Using the most recent *Consumer Expenditure Survey*³, we calculated the percentage of expenditures on commodities, other than mortgage principal and interest, which are considered investments and are not included in the calculation. To this we applied a percentage of in-county spending for those who are residents of Gloucester County⁴. We also added \$3,000 per full-time employee living outside the county as an estimate of the amount each employee spends in the county per year on items such as transportation, food, supplies, and activities during and after work.



Student Expenditures

Student expenditure is based on the "Cost of Attendance" guidelines established by the U.S. Department of Education and calculated by the College's Financial Aid Office. The guidelines estimate student spending for books, educational related supplies, transportation, and personal expenditures. Expenditures exclude tuition and fees. Because the majority of students lived in the county before attending GCC, we opted not to include a living allowance for room and board in this calculation.

While the direct impact of these expenditures provides a measure of economic impact, it is not complete without also looking at the indirect effect of that spending on the local economy. The indirect effect is sometimes referred to as the "multiplier" or "ripple" effect. It is a measure of how much additional spending takes place as a result of the direct spending by the College, its employees, and staff. When employees cash their paychecks, their money begins to flow into all sectors of the economy and helps to stimulate additional economic activity. The same is so for college expenditures. For instance, when a college contracts for a service, the college expenditure helps to support employment at that firm. A portion of the spending, however, will also go to pay the suppliers and equipment manufacturers who are more than likely outside the county. As a result, a portion of the original spending will stay in the county, while the rest "leaks" out into other counties and states. The portion that does remain gets re-spent on products and services and is again subject to the same leakage. This cycle of spending and re-spending continues until all of the spending eventually leaks out of the county.

Economic impact studies concerned with geographic areas the size of counties generally use multipliers ranging from 1.9 to 3.0 to account for the cycle of re-spending within the county⁵. Since the multiplier suggested for community colleges in the "short cut model" is 2.0, we opted to stay within these parameters and use a conservative multiplier of 2.0 to calculate the benefit of re-spending within Gloucester County.

Total Economic Impact of Gloucester County College

College Expenditures	\$2,809,562
Employee Expenditures	3,575,558
Student Expenditures	9,400,370
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Direct Impact on Spending in Gloucester County	\$15,785,490
Multiplier	x 2.0

**Total Economic Impact of GCC
on Gloucester County \$31,570,980**



Revenue Impact

Leveraging county support to generate federal and state dollars

Gloucester County College is responsible for attracting more than \$12 million into the community from out-of-county sources. This figure includes the state's portion of capital construction funding, technology infrastructure funding, state operating aid, Foundation support, and financial aid for students who work and live in Gloucester County. These revenues help to make the College competitive with other community colleges in the state, and in turn help to make the county more attractive to businesses.

The figures at right originate from outside the county and do not include tuition, fees, county operating support, or other money that is passed through to the county from out-of-county sources. It represents the amount of revenue Gloucester County College attracted in a single year, FY01.

Revenue from Out-of-County Sources

Financial Aid	\$3,044,464
State Operating Aid	\$5,456,232
Capital Construction Funding	\$3,821,219
Technology Infrastructure Funding	\$570,511
Other (Grants, Interest, & Foundation support)	\$1,004,649

Total Revenue from Out-of-County Sources **\$13,897,075**



Educational Impact

What is the value of an associate degree? Students who complete a year of education at GCC increase their earning potential and help contribute to the economic sustainability of Gloucester County.

In one year's time, students attending Gloucester County College increased their earnings potential by more than \$13 million. To measure this increase, we begin with the total number of fiscal year 2001 full-time equivalent students (2,955) and multiply this number by the average value of one year of a college education. In addition, we take the total number of graduates for 2001 (479) and multiply it by the average value of an associate degree. The total of the two are then compared to the average annual income for a high school education. The resulting figure is the additional income attributable to a Gloucester County College education. Based on this analysis we estimate that in 2001, Gloucester County College students increased their earnings potential by \$13,770,093.

The value of an associate degree, both in terms of increased earnings potential and lower risk of unemployment, is well documented. Increased educational attainment leads to a lifetime of higher earnings. New analysis by the Washington-based Employment Policy Foundation (EPF) shows that the career earnings of an individual with an associate degree are more than \$1.5 million, 20% higher than those holding a high school diploma⁶. As the job market continues to place a premium on education and skills, the gap between those with a high school degree and those with a two-year degree will continue to increase. If the trend of the past 10 years continues, job growth will be almost exclusively for persons with training beyond high school. It is also important to note that, according to *Workforce 2020*, a larger share of the fastest-growing occupations will require education beyond high school, but they will not necessarily require a four-year degree⁷. Preparing the county's workforce is perhaps the biggest economic benefit of Gloucester County College on the county's economy.

Increased Earning Potential

Education Level	Mean Annual Earnings
High School	28,807
Some College	32,400
Associate Degree	\$35,389



Value Added

Did you know ...

- ❑ Gloucester County College enrolled 24% of the 2001 graduates of county high schools, helping the county retain a viable workforce and attract industry in need of trained and educated employees.
- ❑ More than 1,000 students from outside Gloucester County enrolled for classes at the College in 2001.
- ❑ Close to 450 of the students who attended classes at Rowan University during the fall 2001 semester had also attended and/or graduated from GCC during the previous 12 months.
- ❑ GCC's Nuclear Medicine and Diagnostic Medical Sonography programs are the only accredited associate degree programs in this allied health field offered in Southern New Jersey.
- ❑ GCC continues to fill the overwhelming demand for nurses in the county and serves as the largest "feeder" source of nursing staff for Underwood Memorial Hospital, one of Gloucester County's largest employers.
- ❑ In response to projected increases in county-wide elementary and secondary school enrollment, GCC has developed Teachers 2000, a unique, nationally recognized learning community that prepares education majors to become part of a new generation of teachers.
- ❑ GCC students who transferred to a New Jersey four-year public institution in the year 2000 posted a higher mean GPA than students who started at these four-year public institutions.
- ❑ The GCC student population includes those who already hold bachelor or graduate degrees. They return to school to retrain, move up the career ladder, or keep up with changing technologies.
- ❑ GCC boasted record enrollments in the fall semester, 2002, with more than 5,400 students taking credit courses.
- ❑ Many GCC graduates choose to remain in the county. To help these residents continue their education, the College has partnered with Fairleigh Dickinson University to offer bachelor and master degrees on the GCC campus. GCC has the highest enrollment of any New Jersey community college partnering with FDU.



Methodology Notes

The calculation for the **direct economic impact** of the College was based on the Ryan Model, developed exclusively for use by community colleges. The Ryan Model was refined in 1991 and has been used and validated by numerous colleges nationwide. The model relies on existing college information available through audited financial statements, business records, and purchasing statements. Data is also collected through the Integrated Postsecondary Education Data System (IPEDS), a federal reporting system common to all community colleges in the United States. Federal, state, and local economic data are also used.

In-County spending by the College was determined by reviewing all purchases during fiscal year 2001 and accounting only for those spent within county zip codes. Added to this were the in-county expenditures of the College Foundation. Scholarships, which make up the majority of Foundation spending, were not calculated as in-county expenditures. Finally, we calculated the total student activities expenditures retained in student accounts and then estimated the percentage spent in-county.

Student spending was derived by calculating average annual College-related expenditures for full- and part-time students using the "Cost of Attendance" guidelines established by the U.S. Department of Education. The calculation was based on unduplicated headcount for the Fall 2000 semester. Enrollment for this period was 2,359 full-time students and 2,310 part-time students.

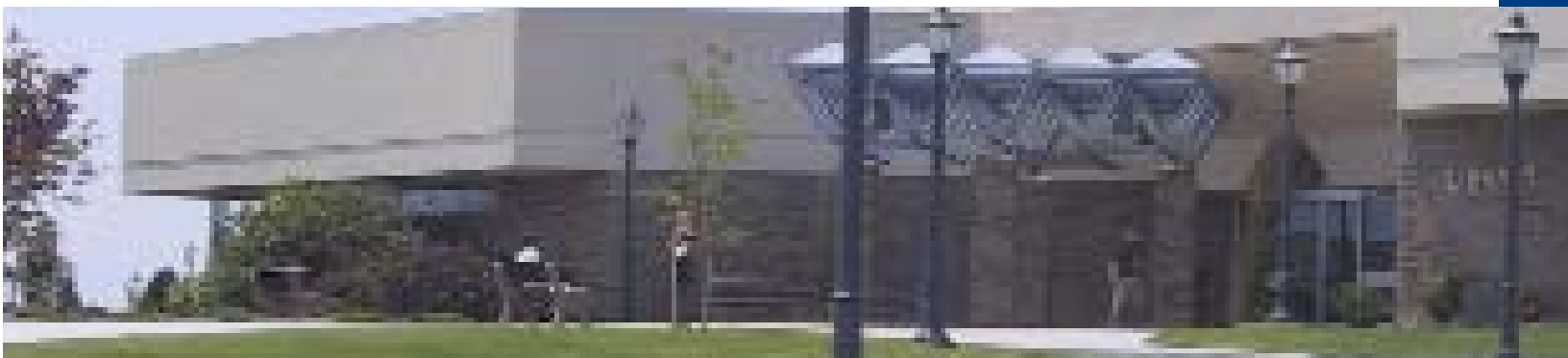
Enrollments are documented in Table A-1 of the *NJCC Fact Book*.

Employee expenditure was based on the number of full- and part-time employees reported through the IPEDS report. The College business office calculated the income paid directly to staff and excluded taxes, retirement contributions, and the cost of employee benefits. To determine the percentage of expenditure on commodities other than mortgage principal and interest, we used the Bureau of Labor Statistics Consumer Expenditure Survey, 1999 for the Northeast. Using the Ryan Model as a guide, we calculated the percentage of in-county expenditures from *Sales and Marketing Magazine's* Survey of Buying Power which reports on the annual "Population, Retail Sales, Effective Buying Income" by county spent and by county of residence.

The calculation for **educational impact** was based on the full-time equivalency for fiscal year 2001. Full-time equivalency is based on the number of fundable credit hours as reported in the 2001 year-end audit report and divided by 30 (the number of credit hours prescribed by the Commission on Higher Education as full-time for two semesters).

The source used for income is the U.S. Census Bureau Annual Demographic Survey PINC 03-Educational Attainment for People 25 Years and Over, by Total Money Earnings in 2000. Figures used were restricted to those with personal income (earnings).

The calculation of the **revenue impact** is based on information from the College's Report on Examination for Year Ended June 30, 2001.



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Endnotes

¹ Ryan, G. J., & Malgieri, P. (1992). Economic Impact Studies in Community Colleges: The Short Cut Method, Paper No. 48. National Council for Resource Development, February.

² The study covers data from fiscal year 2001, the most recent date for which audited figures were available.

³ Consumer Expenditure Survey, Table 8. (1999) Bureau of Labor Statistics. Region of residence: Average annual expenditures and characteristics for the Northeast.

⁴ The percentage of in-county spending is based the percentage reported in the 2001 Survey of Buying Power, a supplement to the September edition of *Sales and Marketing Magazine*.

⁵ *The Economic Impact of Johnson County Community College of Johnson County, 1998-99*. (2000). Office of Institutional Research, Johnson County Community College.

⁶ Vocational and Post Baccalaureate Training Lead Job Gains. (2001). *Employment Trends*. Employment Policy Foundation, November.

⁷ Judy, R. & D'Amico, C. (1997) *Workforce 2020: Work and Workers in the 21st Century*. Hudson Institute.

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