



# The Economic Value of Sussex County Community College



**S**USSEX COUNTY COMMUNITY COLLEGE (SCCC) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the county, generating new dollars and opportunities for Sussex County. SCCC provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, SCCC is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

SCCC influences both the lives of its students and the county economy. The college supports a variety of industries in Sussex County, serves county businesses, and benefits society as a whole in New Jersey from an expanded economy and improved quality of life. Additionally, the benefits created by SCCC extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by SCCC on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2020-21. Impacts on the Sussex County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in New Jersey are reported under the investment analysis.



SUSSEX COUNTY

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# Economic impact analysis



SCCC promotes economic growth in Sussex County through its direct expenditures and the resulting expenditures of students and county businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. The college's activities attract students from outside Sussex County, whose expenditures benefit county vendors. In addition, SCCC is a primary source of higher education to Sussex County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

## Operations spending impact



SCCC adds economic value to Sussex County as an employer of county residents and a large-scale buyer of goods and services. In FY 2020-21, the college employed 444 full-time and part-time faculty and staff, 62% of whom lived in Sussex County. Total payroll at SCCC was \$11.3 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$14.6 million on day-to-day expenses related to facilities, supplies, and professional services.

SCCC's day-to-day operations spending added \$12.9 million in income to the county during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-county spending of the college and its employees, and a downward adjustment to account for funding that the college received from county

## Impacts created by SCCC in FY 2020-21



Operations spending impact

**\$12.9 million**

+



Student spending impact

**\$2 million**

+



Alumni impact

**\$58.7 million**



Total economic impact

**\$73.6 million**

OR

Jobs supported

**1,335**



## Expansion of Career and Technical Education Programs

Sussex County Community College meets the demand to increase skilled workers for New Jersey's state and local projects, funded by the \$1 trillion federal infrastructure bill. The Welding program, where students develop various welding processes, will prove essential in rebuilding bridges. The Machine Tool Technology program teaches skills in planning, designing, and operating machine tools to make precision parts. As job site demands increase and workers commute to these locations, the Automotive Service Technology and Diesel Service Technology will play an essential role to meet the demand.

With the increased need for healthcare workers, SCCC moved the Medical Assistant program from a non-credit to a credit certification to build on a students credentials. These career and technical education programs will be vital to increase skilled workers around the state.



sources. The \$12.9 million in added income is equivalent to supporting 462 jobs in the county.

## Student spending impact

 Around 17% of students attending SCCC originated from outside the county in FY 2020-21, and some of these students relocated to Sussex County to attend SCCC. These students may not have come to the county if the college did not exist. In addition, some in-county students, referred to as retained students, would have left Sussex County if not for the existence of SCCC. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$2 million in added income for the county economy in FY 2020-21, which supported 30 jobs in Sussex County.

## Alumni impact

 The education and training SCCC provides for county residents has the greatest impact. Since its establishment, students have studied at SCCC and entered the county workforce with greater knowledge and new skills. Today, thousands of former SCCC students are employed in Sussex County. As a result of their education from SCCC, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2020-21, SCCC alumni generated \$58.7 million in added income for the county economy, which is equivalent to supporting 843 jobs.

### SCCC impacts by industry (jobs supported)



### Culinary Institute

Renovations at SCCC's McGuire Technical Education Center are near completion for the new Culinary Institute and Restaurant. The location will include a training and commercial kitchen and a restaurant open to the public that will host special events, guest-chef dinners, and cooking workshops. The student-driven restaurant will be available to the public for lunch and dinner and be a feeder for restaurants throughout the county and beyond. The meals will be seasonally inflected based on what is locally grown or by the Sussex Agriculture programs, another Sussex program that has become hugely popular. The goal is to provide a feeder job market for others and equip students with the tools necessary to succeed in the industry, and retain them with employment locally. With hospitality as a key part of our regional economy, SCCC aims to support this need.



## Total impact

SCCC added \$73.6 million in income to the Sussex County economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the \$73.6 million impact was equal to approximately 1.4% of the total gross regional product (GRP) of Sussex County. This contribution that the college provided on its own is nearly as large as the entire Information industry in the county.

SCCC's total impact can also be expressed in terms of jobs supported. The \$73.6 million impact supported 1,335 county jobs, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 44 jobs in Sussex County is supported by the activities of SCCC and its students. In addition, the \$73.6 million, or 1,335 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, SCCC's spending and alumni in the Retail Trade industry sector supported 140 jobs in FY 2020-21. If the college did not exist, these impacts would not have been generated in Sussex County.

**One out of every 44 jobs** in the Sussex County is supported by the activities of SCCC and its students.



### Athletics

Athletics plays a key role in bringing enrollment numbers in line with the budget at SCCC each year. With the addition of new athletic programs such as football, wrestling, volleyball, and esports, Sussex has increased their student-athlete population by over 250% the past several years to help support enrollment. Participation in these teams is an opportunity for players to continue their athletic careers in college. Still, it's a stepping stone for some to get to a higher level, ultimately at a 4-year college. Teams have participated and won regional championships which puts a spotlight on athletics at SCCC.

# Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers SCCC as an investment from the perspectives of students, taxpayers, and society in New Jersey.

## Student perspective

 In FY 2020-21, SCCC served 3,058 students. In order to attend the college, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by SCCC's students in FY 2020-21 amounted to a present value of \$15.9 million, equal to \$14.4 million in out-of-pocket expenses (including future principal and interest on student loans) and \$1.5 million in forgone time and money.

In return for their investment, SCCC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average SCCC associate degree graduate from FY 2020-21 will see annual earnings that are \$7,200 higher than a person with a high school diploma or equivalent working in New Jersey. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$316.8 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that SCCC's FY 2020-21 students will receive over their working careers is \$89.7 million.

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



Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.



## New SCCC MakerSpace

Increased creative labs on campus allow students to explore imaginative ways of thinking in the new Makerspace. The Makerspace will allow students to explore and turn knowledge into action. The necessary tools and equipment will be available that will provoke inquiry and stimulate creativity. The expectation is for students to work through problems and develop new and innovative ideas. For students pursuing a degree in engineering but are interested in operating metalworking machines, repairing and calibrating hydraulic and pneumatic assemblies, running, or maintaining robotic equipment, this program allows them to obtain a degree as they search for jobs. With the Robotics field moving forward at an astounding pace, Sussex is ready with its new program.

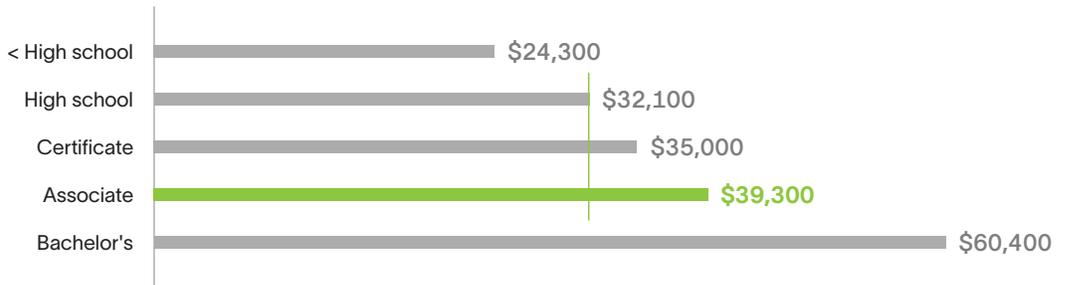
The students' benefit-cost ratio is 5.7. In other words, for every dollar students invest in SCCC in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$5.70 in higher future earnings. Annually, the students' investment in SCCC has an average annual internal rate of return of 16.8%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5%.

### Taxpayer perspective



SCCC generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As SCCC students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2020-21 students' working lives, the state and local government will have collected a present value of \$22.9 million in added taxes.

The average associate degree graduate from SCCC will see an increase in earnings of **\$7,200** each year compared to a person with a high school diploma or equivalent working in New Jersey.



Source: Lightcast employment data.



### Optics Technology

Skilled Optics Technician jobs remain in high demand in the U.S., with the S.T.E.M sector industries facing a shortage of skilled workers. Sussex County Community College is meeting the demand after receiving \$2 million from AmeriCOM, a nationwide organization working with the Department of Defense, to broaden their Optics Technician Programs. The funds will be used to create a state-of-the-art lab, distance learning courses, and dual-credit programs at regional high schools. These efforts will support key areas of the nation and secure educational opportunities for students, making them eligible for employment in the Optics industry.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of SCCC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The educations that SCCC students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. SCCC students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from SCCC will generate \$3.3 million in savings to state and local taxpayers.

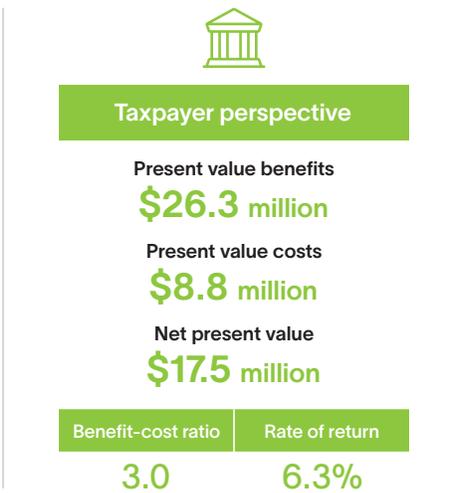
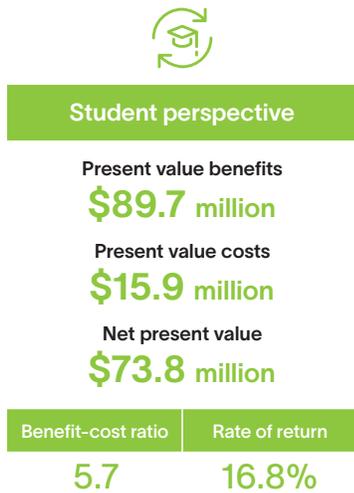
For every dollar of public money invested in SCCC, taxpayers will receive a cumulative value of **\$3.00** over the course of the students' working lives.

Total taxpayer benefits amount to \$26.3 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$8.8 million, equal to the amount of state and local government funding SCCC received in FY 2020-21. These benefits and costs yield a benefit-cost ratio of 3.0. This means that for every dollar of public money invested in SCCC in FY 2020-21, taxpayers will receive a cumulative present value of \$3.00 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 6.3%, which compares favorably to other long-term investments in the public and private sectors.

### Social perspective



Society as a whole in New Jersey benefits from the presence of SCCC in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime



\* The rate of return is not reported for the social perspective because the beneficiaries of the investment are not necessarily the same as the original investors.

earnings (added student income) and increased business output (added business income), which raise economic prosperity in New Jersey.

Benefits to society also consist of the savings generated by the improved lifestyles of SCCC students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the college for a copy of the main report.

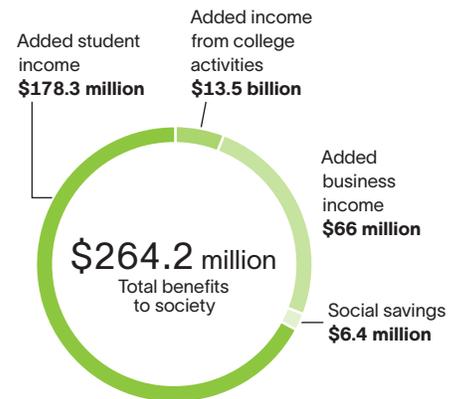
Altogether, the social benefits of SCCC equal a present value of \$264.2 million. These benefits include \$178.3 million in added student income, \$66.0 million in added business income, \$13.5 million in added income from college activities, as well as \$6.4 million in social savings related to health, crime, and income assistance in New Jersey. People in New Jersey invested a present value total of \$30.3 million in SCCC in FY 2020-21. The cost includes all the college and student costs.

The benefit-cost ratio for society is 8.7, equal to the \$264.2 million in benefits divided by the \$30.3 million in costs. In other words, for every dollar invested in SCCC, people in New Jersey will receive a cumulative value of \$8.70 in benefits. The benefits of this investment will occur for as long as SCCC's FY 2020-21 students remain employed in the state workforce.

## Summary of investment analysis results

The results of the analysis demonstrate that SCCC is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from SCCC. At the same time, taxpayers' investment in SCCC returns more to government budgets than it costs and creates a wide range of social benefits throughout New Jersey.

### Social benefits in New Jersey from SCCC



Source: Lightcast impact model.

# Conclusion

The results of this study demonstrate that SCCC creates value from multiple perspectives. The college benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. SCCC enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, SCCC benefits society as a whole in New Jersey by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.



## About the study

Data and assumptions used in the study are based on several sources, including the FY 2020-21 academic and financial reports from SCCC, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.

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Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit [lightcast.io/solutions/education](https://lightcast.io/solutions/education) to learn more or connect with us.