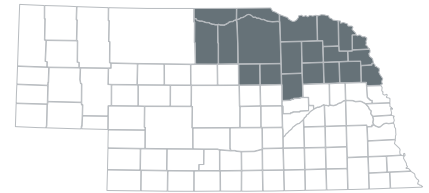


The Economic Value of Northeast Community College

Northeast Community College (Northeast) 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) 2020-21.



THE NORTHEAST SERVICE AREA, NE



ECONOMIC IMPACT ANALYSIS

In FY 2020-21, Northeast added **\$226.8 million** in income to the Northeast Service Area* economy, a value approximately equal to **2.3%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Northeast's impact supported **3,200 jobs**. For perspective, the activities of Northeast and its students support **one out of every 34 jobs** in the Northeast Service Area.

OPERATIONS SPENDING IMPACT

- Northeast employed 543 full-time and part-time faculty and staff. Payroll amounted to \$39 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 \$18.3 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$41.7 million** in income to the regional economy in FY 2020-21.

STUDENT SPENDING IMPACT

- Around 35% of credit students attending Northeast originated from outside the region. Some of these students relocated to the Northeast Service Area. In addition, some in-region students, referred to as retained students, would have left the Northeast Service Area for other educational opportunities if not for Northeast. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

* For the purposes of this analysis, the Northeast Service Area is comprised of Antelope, Boone, Boyd, Brown, Burt, Cedar, Cuming, Dakota, Dixon, Garfield, Holt, Keya Paha, Knox, Madison, Pierce, Rock, Stanton, Thurston, Wayne, and Wheeler Counties.

IMPACTS CREATED BY NORTHEAST IN FY 2020-21



Operations spending impact

\$41.7 million



Student spending impact

\$3.4 million



Alumni impact

\$181.7 million



TOTAL ECONOMIC IMPACT

\$226.8 million

OR

Jobs supported

3,200

- The expenditures of relocated and retained students in FY 2020-21 added **\$3.4 million** in income to the Northeast Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at Northeast and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Northeast Service Area.
- The net impact of Northeast's former students currently employed in the regional workforce amounted to **\$181.7 million** in added income in FY 2020-21.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- Northeast's FY 2020-21 students paid a present value of **\$8.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$27.2 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$215.2 million** in increased earnings over their working lives. This translates to a return of **\$6.00** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **27.9%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided Northeast with **\$47 million** of funding in FY 2020-21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$50.4 million**. A reduced demand for government-funded services in Nebraska will add another **\$4.1 million** in benefits to taxpayers.
- For every dollar of public money invested in Northeast, taxpayers will receive **\$1.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **0.6%**.

SOCIAL PERSPECTIVE

- In FY 2020-21, Nebraska invested **\$88.4 million** to support Northeast. In turn, the Nebraska economy will grow by **\$604.9 million**, over the course of students' working lives. Society will also benefit from **\$11.8 million** of public and private sector savings.
- For every dollar invested in Northeast in FY 2020-21, people in Nebraska will receive **\$7.00** in return, for as long as Northeast's FY 2020-21 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN NORTHEAST



Average annual return for Northeast students
27.9%



Stock market 30-year average annual return
10.5%



Interest earned on savings account (National Rate Cap)
0.8%

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

For every \$1...



Students gain in lifetime earnings
\$6.00



Taxpayers gain in added tax revenue and public sector savings
\$1.20



Society gains in added income and social savings
\$7.00