



# The Economic Value of Allegany College of Maryland

Allegany College of Maryland (ACM) 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) 2018-19.



THE ACM SERVICE AREA



## ECONOMIC IMPACT ANALYSIS

In FY 2018-19, ACM added **\$106.7 million** in income to the ACM Service Area economy, a value approximately equal to **2.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, ACM's impact supported **1,844 jobs**. For perspective, the activities of ACM and its students support **one out of every 30 jobs** in the ACM Service Area.

### OPERATIONS SPENDING IMPACT

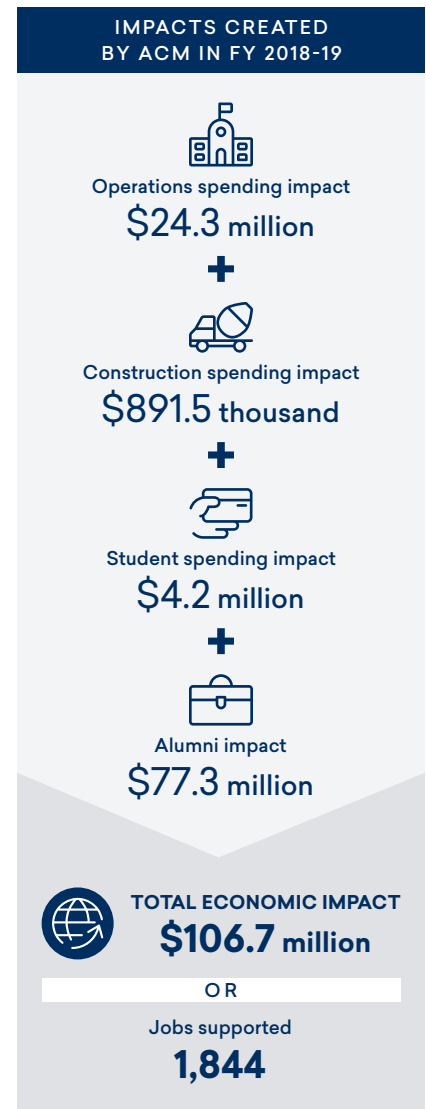
- ACM employed 533 full-time and part-time faculty and staff. Payroll amounted to \$21.9 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$9.1 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$24.3 million** in income to the regional economy in FY 2018-19.

### CONSTRUCTION SPENDING IMPACT

- ACM invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of ACM's construction spending in FY 2018-19 was **\$891.5 thousand** in added income for the ACM Service Area.

### STUDENT SPENDING IMPACT

- Around 43% of credit students attending ACM originated from outside the region. Some of these students relocated to the ACM Service Area. In



\* For the purposes of this analysis, the ACM Service Area is comprised of Allegany and Bedford Counties.

addition, some in-region students, referred to as retained students, would have left the ACM Service Area for other educational opportunities if not for ACM. 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 FY 2018-19 added **\$4.2 million** in income to the ACM Service Area economy.

### ALUMNI IMPACT

- Over the years, students have studied at ACM and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the ACM Service Area.
- The net impact of ACM's former students currently employed in the regional workforce amounted to **\$77.3 million** in added income in FY 2018-19.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- ACM's FY 2018-19 students paid a present value of **\$6.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$20.7 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$101.1 million** in increased earnings over their working lives. This translates to a return of **\$3.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **22.9%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided ACM with **\$20 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$12.3 million**. A reduced demand for government-funded services in Maryland will add another **\$1.3 million** in benefits to taxpayers. Total benefits to Maryland taxpayers amount to **\$13.6 million**.

### SOCIAL PERSPECTIVE

- In FY 2018-19, Maryland invested **\$56.5 million** to support ACM. In turn, the Maryland economy will grow by **\$144.6 million**, over the course of students' working lives. Society will also benefit from **\$2.8 million** of public and private sector savings.
- For every dollar invested in ACM in FY 2018-19, people in Maryland will receive **\$2.60** in return, for as long as ACM's FY 2018-19 students remain active in the state workforce.

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



Average annual return for ACM students

**22.9%**



Stock market 30-year average annual return

**9.9%**



Interest earned on savings account (National Rate Cap)

**0.8%**

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.

### For every \$1...



**Students** gain in lifetime earnings

**\$3.70**



**Society** gains in added income and social savings

**\$2.60**

### In total...



**Taxpayers** gained in added tax revenue and public sector savings

**\$13.6 million**