

The Economic Contribution of **CECIL COLLEGE**



Cecil College contributes more than it receives.

What kind of socioeconomic impact does Cecil College have on Cecil County and the state of Maryland?

According to a detailed study of Maryland's community colleges by research firm Economic Modeling Specialists, Intl., "Cecil College is a sound investment from multiple perspectives. The college enriches the lives of students and increases their lifetime incomes. It benefits taxpayers by generating increased tax revenues from an enlarged economy and reducing the demand for taxpayer-supported social services. Finally, it contributes to the vitality of both the local and state economies."

Commissioned by the Maryland Association of Community Colleges, the study entails an analysis of the contributions of Cecil College to the state and to Cecil County. The EMSI researchers examined the money spent by students, taxpayers and government in Cecil College and applied a comprehensive model, which has been field-tested to generate more than 900 studies for community, technical and further education colleges in the United States, Canada, United Kingdom and Australia.

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INVESTMENT ANALYSIS

The first way EMSI analyzed how Cecil County and the state of Maryland benefit from the presence of Cecil College was by treating education funding as an investment from the perspectives of students, taxpayers and society. In this analysis, all measurable returns were calculated and compared to costs.

Student Perspective

The study notes that benefits of higher education are most obvious from the student perspective. Students sacrifice current earnings, as well as money to pay for tuition, in return for a lifetime of higher income. Over the course of one's working lifetime, students with associate degrees earn \$11,300 more annually than those with only a high school diploma. The average income at the career midpoint of someone with an associate degree in Cecil County is \$43,300 – 35 percent more than someone with just a high school diploma. For those who go on to earn a bachelor's degree, which many Cecil students do, average annual income is around \$60,000.

In addition to earning greater income with the attainment of college degrees, the prospects of being employed at all improve with further education. According to the U.S. Bureau of Labor Statistics, 2012 unemployment rates for people 25 and older were at 12.4 percent for those with less than a high school diploma, 8.3 percent for high school graduates, 7.7 percent for people with some college but no degree, 6.2 percent for associate degree holders, and 4.5 percent for those who earn a bachelor's degree.

Looking at the student perspective from an investment point of view, the study found that Cecil College students enjoy a 16.5 percent rate of return of their investments of time and money. This compares favorably with returns on other investments such as savings accounts or stocks and bonds. The EMSI data shows that for every dollar students invest in a Cecil College education, their discounted lifetime income increases by \$5.30. The payback period for the student investment is 9.1 years.

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Doctorate	\$108,000
Master's	\$74,000
Bachelor's	\$62,000
Associate	\$43,000
HS	\$32,000
< HS	\$20,000



INVESTMENT ANALYSIS

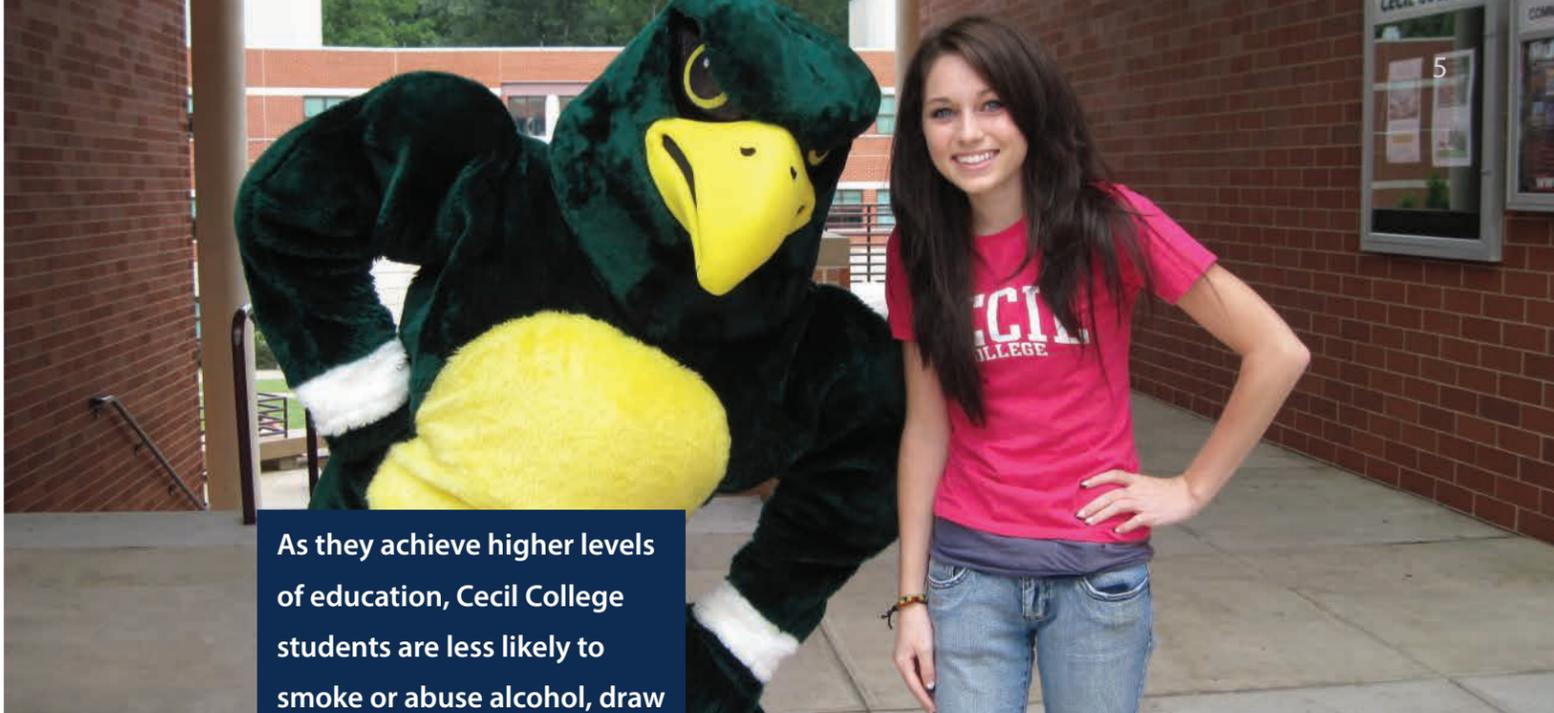
Taxpayer Perspective

In addition to tuition and fees, investments and other revenue, Cecil College receives a large portion of its operating budget from the county and the state. The report explains why Cecil College is a solid investment for both taxpayers and the county and state governments and how the college actually contributes more than it receives.

State and local governments allocated approximately \$14.6 million in support of Cecil College in fiscal year 2011-12. For every dollar of this support, taxpayers see a cumulative return of \$1.40 over the course of students' working careers, in the form of higher tax receipts and avoided costs. The EMSI study points out that since the government often undertakes activities wanted by the public, but which may be unprofitable in the marketplace, positive economic results are generally not expected from government investments. For Cecil College, the results indicate positive returns. The report says, "State and local governments see a rate of return of 4.8 percent on their support for Cecil College. This return compares very favorably with private sector rates of return on similar long-term investments."

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CECIL COLLEGE INVESTMENT ANALYSIS AT A GLANCE		
Stakeholder	Rate of Return	Payback in Years
Student Perspective	16.5%	9.1
Taxpayer Perspective	4.8%	21.0



As they achieve higher levels of education, Cecil College students are less likely to smoke or abuse alcohol, draw welfare or commit crime. This translates into associated dollar savings to the public equal to \$403,800 annually.

Social Perspective

The study addresses how the benefits of a Cecil College education positively affect society as a whole. Through their higher incomes, Cecil students increase the state's economic base, while the businesses employing them also become more productive by benefiting from their added skills. The higher earnings of Cecil College students and associated increases in state income expand the tax base in Maryland by about \$11.3 million each year.

Another social benefit is the savings that are realized in conjunction with the academic advancement of the students. The report states, "As they achieve higher levels of education, Cecil College students are also less likely to smoke or abuse alcohol, draw welfare or commit crime. This translates into associated dollar savings to the public equal to \$403,800 annually. These are benefits that are incidental to the operations of Cecil College and accrue for years into the future, for as long as students remain active in the workforce."



ECONOMIC GROWTH ANALYSIS

EMSI also measured added income in the county due to college operations and the accumulated skills of past and present students still in the workforce. Cecil College affects the county economy in two ways: through its local purchases, including wages paid to faculty and staff; and through the increase in the skill base of the county workforce.

EMSI's economic growth analysis concluded, "Altogether, the average annual added income due to the activities of Cecil College and its former students equals \$91.7 million. This is approximately equal to 3.3 percent of the total Cecil County economy." These effects were broken down in two ways.



College Operations Effect

Cecil College creates income through the earnings of its faculty and staff as well as through its own operating and capital expenditures. According to the study, the Cecil County economy annually receives roughly \$13.8 million in income due to college operations. EMSI noted this is a conservative figure adjusted to account for money that leaves the economy or is withdrawn from the economy in support of the college.

Student Productivity Effect

Thousands of people in the county workforce are applying knowledge learned in Cecil College's classrooms. In fact, the report says the current Cecil County economy embodies an estimated 541,900 credits that have been accumulated over the past 30-year period. Based on this historical enrollment and credit production, the study notes that the accumulated contribution of Cecil College instruction received by former students, both completers and non-completers, annually adds about \$78 million in income to Cecil County.

CECIL COLLEGE ECONOMIC GROWTH RESULTS AT A GLANCE

ADDED INCOME

College Operations Effect	\$13,762,000
Student Productivity Effect	\$77,968,000
GRAND TOTAL	\$91,730,000



CONCLUSION

Although there is indeed a "cost" for students to attend Cecil College, as well as for Cecil County and the state of Maryland to serve these students, a better term for describing these expenses might be "investment." The "investment" of time and money leads to improved lifestyles, greater earnings, a larger economy with lower social costs, increased career opportunities, and an eased tax burden.

The "investment" of time and money by Cecil College students and the community leads to improved lifestyles, greater earnings, a larger economy with lower social costs, increased career opportunities, and an eased tax burden.

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REAL STUDENTS. REAL SUCCESS.

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"Cecil Stories" at www.cecil.edu.

