

# The Economic Value of Virginia Peninsula Community College

Virginia Peninsula Community College (VPCC) 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) 2021-22.

## Economic impact analysis

In FY 2021-22, VPCC added **\$246.9 million** in income to the VPCC Service Region\* economy, a value approximately equal to **0.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, VPCC's impact supported **3,150 jobs**. For perspective, the activities of VPCC and its students support **one out of every 96 jobs** in the VPCC Service Region.

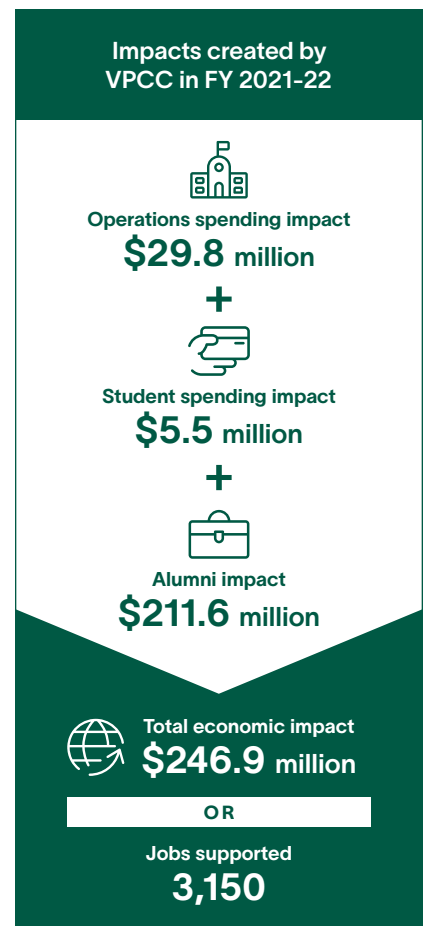
### Operations spending impact

- VPCC employed 529 full-time and part-time faculty and staff. Payroll amounted to \$20.5 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 \$38.8 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$29.8 million** in income to the regional economy in FY 2021-22.

### Student spending impact

- Some in-region students, referred to as retained students, would have left the VPCC Service Region for other educational opportunities if not for VPCC. These retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

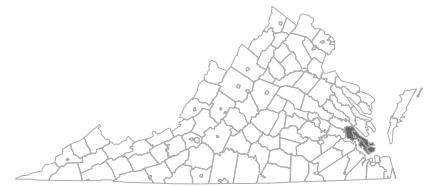
\* For the purposes of this analysis, the VPCC Service Region consists of the cities of Hampton, Newport News, Poquoson, and Williamsburg, and the counties of York and James City.



- The expenditures of retained students in FY 2021-22 added **\$5.5 million** in income to the VPCC Service Region economy.

### Alumni impact

- Over the years, students have studied at VPCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the VPCC Service Region.
- The net impact of VPCC's former students currently employed in the regional workforce amounted to **\$211.6 million** in added income in FY 2021-22.



The VPCC Service Region, Virginia

## Investment analysis

### Student perspective

- VPCC's FY 2021-22 students paid a present value of **\$19.3 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$18.5 million** in time and 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 of **\$284.4 million** in increased earnings over their working lives. This translates to a return of **\$7.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **24.7%**.

### Taxpayer perspective

- Taxpayers provided VPCC with **\$20.1 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$63.3 million**. A reduced demand for government-funded services in Virginia will add another **\$5.3 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$68.6 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in VPCC, taxpayers will receive **\$3.40** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **8.9%**.

### Social perspective

- In FY 2021-22, Virginia invested **\$86.5 million** to support VPCC. In turn, the Virginia economy will grow by **\$815.2 million**, over the course of students' working lives. Society will also benefit from **\$13.9 million** of public and private sector savings.
- For every dollar invested in VPCC in FY 2021-22, people in Virginia will receive **\$9.60** in return, for as long as VPCC's FY 2021-22 students remain active in the Virginia workforce.

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



Average annual return for VPCC students

**24.7%**



Stock market 30-year average annual return

9.6%



Interest earned on savings account (national deposit rate)

0.4%

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

### For every \$1...



Students gain in lifetime earnings

**\$7.50**



Taxpayers gain in added tax revenue and public sector savings

**\$3.40**



Society gains in added income and social savings

**\$9.60**

