

The Economic Value of Northern Virginia Community College

FACT SHEET

NORTHERN Virginia Community College (NOVA) 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) 2017-18.



Economic impact analysis

In FY 2017-18, NOVA added **\$2.7 billion** in income to the Northern Virginia Service Area¹ economy, a value approximately equal to **1.2%** of the region's total gross regional product (GRP). Expressed in terms of jobs, NOVA's impact supported **28,363** regional jobs. For perspective, the activities of NOVA and its students support one out of every **64** jobs in the Northern Virginia Service Area.

OPERATIONS SPENDING IMPACT

- NOVA employed 3,598 full-time and part-time faculty and staff. Payroll amounted to \$189.6 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 \$126.3 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$250.2 million** in income to the regional economy.

CONSTRUCTION SPENDING IMPACT

- NOVA commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of NOVA's construction spending in FY 2017-18 was **\$3.2 million** in added income for the Northern Virginia Service Area.

STUDENT SPENDING IMPACT

- Around 14% of credit students attending NOVA originated from outside the region. Some of these students relocated to the Northern Virginia Service Area. In addition, some in-region students would have left Northern Virginia

¹ For purposes of this analysis, the Northern Virginia Service Area is comprised of the following counties: Arlington, Fairfax, Loudoun, Prince William, Stafford, and the following cities: Alexandria City, Fairfax City, Falls Church City, Manassas City, and Manassas Park City.



IMPACTS CREATED BY NOVA
IN FY 2017-18



\$250.2 million
Operations Spending Impact



\$3.2 million
Construction Spending Impact



\$75.8 million
Student Spending Impact



\$2.4 billion
Alumni Impact



\$2.7 billion
TOTAL IMPACT

- OR -

28,363
JOBS SUPPORTED



Service Area for other educational opportunities if not for NOVA. These relocated and retained students spent money on groceries, mortgage and rent payments, and so on at regional businesses.

- The expenditures of relocated and retained students in FY 2017-18 added **\$75.8 million** in income to the Northern Virginia Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at NOVA and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in the Northern Virginia Service Area.
- The net impact of NOVA's former students currently employed in the regional workforce amounted to **\$2.4 billion** in added income in FY 2017-18.

Investment analysis

STUDENT PERSPECTIVE

- NOVA's FY 2017-18 students paid a present value of **\$179.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$472.4 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$2.6 billion** in increased earnings over their working lives. This translates to a return of **\$4.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **15.4%**.

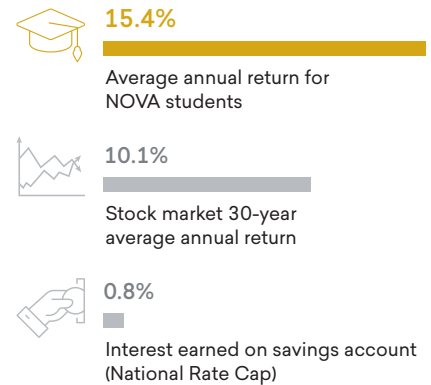
TAXPAYER PERSPECTIVE

- Taxpayers provided NOVA with **\$116.6 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$856.5 million**. A reduced demand for government-funded services in Virginia will add another **\$45.4 million** in benefits to taxpayers.
- For every dollar of public money invested in NOVA, taxpayers will receive **\$7.70** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **17.4%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Virginia invested **\$865.7 million** to fully support NOVA. In turn, the Virginia economy will grow by **\$9.7 billion**, over the course of students' working lives. Society will also benefit from **\$108.5 million** of public and private sector savings.
- For every dollar invested in NOVA educations in FY 2017-18, people in Virginia will receive **\$11.40** in return, for as long as NOVA's FY 2017-18 students remain active in the state workforce.

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



Source: Forbes' S&P 500, 1987-2016. FDIC.gov, 7-2016.



FOR EVERY \$1...



Students gain
\$4.10
in lifetime earnings



Taxpayers gain
\$7.70
in added tax revenue and public sector savings



Society gains
\$11.40
in added income and social savings

