



The Economic Value of Oakland Community College

FACT SHEET



IMPACTS CREATED BY OCC
IN FY 2017-18



\$103.5 million
Operations Spending Impact



\$6.0 million
Capital Spending Impact



\$41.5 million
Student Spending Impact

\$151.0 million
Total OCC Spending Impact



\$2.0 billion
Alumni Impact



\$2.1 billion
GRAND TOTAL IMPACT

- OR -

24,529
JOBS SUPPORTED

OAKLAND Community College (OCC) 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 and are available at the OCC website: oaklandcc.edu/transparency.



Economic impact analysis

In FY 2017-18, OCC added **\$151.0 million** in income through its spending impacts, and an additional \$2.0 billion in income from its alumni, generating a grand total impact **\$2.1 billion** in income to the Oakland County economy. This value is approximately equal to **2.0%** of the county's total gross regional product (GRP). Expressed in terms of jobs, OCC's impact supported **24,529** jobs. For perspective, the activities of OCC and its students support **one out of every 41 jobs** in Oakland County.



OPERATIONS SPENDING IMPACT

- Through its infrastructure, faculty, and staff, OCC provides educational and instructional services to its students and the community. OCC employed 1,493 full-time and part-time faculty and staff. For the operations spending impact we focus on the allocated payroll for faculty and staff across instruction, instructional support, institutional administration, and student services among other expense categories essential to the day-to-day operations of all services at the College. Payroll amounted to \$101.5 million, much of which was spent in the county 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 **\$103.5 million** in income to the county economy in FY 2017-18.

CAPITAL SPENDING IMPACT

- OCC commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of OCC's capital spending in FY 2017-18 was **\$6 million** in added income for Oakland County.

STUDENT SPENDING IMPACT

- Around 16% of credit students attending OCC originated from outside the county. Some of these students relocated to Oakland County. In addition, some in-county students would have left Oakland County for other educational opportunities, if not for OCC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at county businesses.
- The expenditures of relocated and retained students in FY 2017-18 added **\$41.5 million** in income to the Oakland County economy.

ALUMNI IMPACT

- Over the years, students have studied at OCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Oakland County.
- The net impact of OCC's former students currently employed in the county workforce amounted to **\$2 billion** in added income in FY 2017-18.





Investment analysis

STUDENT PERSPECTIVE

- OCC's FY 2017-18 students paid a present value of **\$40.9 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$161.9 million** in money they would have earned had they been working instead of attending college.
- In return for their investment, students will receive an average of **\$856 million** in increased earnings over their working lives. This translates to a mean return value of **\$4.20** in higher future earnings for every dollar students invest in their education. OCC students' average annual rate of return is **18.1%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided OCC with **\$122.5 million** of funding in FY 2017-18 to help OCC provide quality education and community services. In return, taxpayers will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$361.2 million**. A reduced demand for government-funded services in Michigan will add another **\$26 million** in benefits to taxpayers.
- For every dollar of public money invested in OCC, taxpayers will receive **\$3.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **9.5%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Michigan invested **\$329.1 million** to support OCC. In turn, the Michigan economy will grow by **\$4.4 billion**, over the course of students' working lives. Society will also benefit from **\$83.4 million** of public and private sector savings.
- For every dollar invested in OCC in FY 2017-18, people in Michigan will receive **\$13.60** in return, for as long as OCC's FY 2017-18 students remain active in the state workforce.

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



18.1%

Average annual return for OCC students



9.9%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

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



FOR EVERY \$1...



Students gain

\$4.20

in lifetime average earnings



Taxpayers gain

\$3.20

in added tax revenue and public sector savings



Society gains

\$13.60

in added income and social savings

