



Executive Summary

PUBLISHED JANUARY 2025

The Economic Value of the Alabama Community College System





THE ALABAMA COMMUNITY COLLEGE SYSTEM¹ (ACCS) creates value in many ways. The colleges play a key role in helping students increase their employability and achieve their individual potential. ACCS supports businesses across the state and the colleges draw students to the state, generating new dollars and opportunities for Alabama. The colleges provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the colleges are places for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

ACCS influences both the lives of students and the state economy. The colleges support a variety of industries in Alabama, serve state businesses, and benefit society as a whole in Alabama from an expanded economy and improved quality of life. Additionally, the benefits created by ACCS extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by ACCS on the business community and the benefits the colleges generate in return for the investments made by their key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

Economic impact analysis

Investment analysis

All results reflect employee, student, and financial data, provided by ACCS and the colleges, for fiscal year (FY) 2023-24. Impacts on the Alabama economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Alabama are reported under the investment analysis.



ACCS influences both the **lives of students** and the **state economy**.

¹ The Alabama Community College System consists of 24 colleges and the Alabama Technology Network. See Appendix 1 in the main report for the list of ACCS colleges.

Economic impact analysis



ACCS promotes economic growth in Alabama through its direct expenditures and the resulting expenditures of students and state businesses. The colleges serve as employers and buyers of goods and services for their day-to-day and construction operations. The colleges' activities attract students from outside Alabama, whose expenditures benefit state vendors. In addition, the colleges are primary sources of higher education to Alabama residents and suppliers of trained workers to state industries, enhancing overall productivity in the state workforce. Further, the Alabama Technology Network (ATN) helps businesses retain their employees, hire new employees, reduce costs, and avoid unnecessary investments, ultimately allowing businesses to invest in the most productive and beneficial avenues.

Operations spending impact



ACCS adds economic value to Alabama as an employer of state residents and a large-scale buyer of goods and services. In FY 2023-24, the colleges employed 10,623 full-time and part-time faculty and staff, 97% of whom lived in Alabama. Total payroll at ACCS was \$559.9 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the colleges spent \$634.0 million on expenses related to facilities, supplies, and professional services (excluding construction).

ACCS's operations spending added \$537.4 million in income to the state during the analysis year. This figure represents the colleges' payroll, the multiplier effects generated by the in-state spending of the colleges and their employees, and a downward adjustment to account for funding that the colleges received from state sources. The \$537.4 million in added income is equivalent to supporting 9,816 jobs in the state.

Construction spending impact



The colleges invest in capital projects each year to maintain facilities, create additional capacities, and meet growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the state economy. In FY 2023-24, the construction spending generated \$91.6 million in added income, which is equivalent to supporting 1,272 jobs.

Impacts created by
ACCS in FY 2023-24



Operations spending impact

\$537.4 million

+



Construction spending impact

\$91.6 million

+



Business support impact

\$383.8 million

+



Student spending impact

\$170.3 million

+



Alumni impact

\$6.9 billion



Total economic impact

\$8.1 billion

OR



Jobs supported

114,043



Business support impact



An entity of ACCS, the main mission of ATN is to provide extensive workforce training, technical assistance, and engineering services to Alabama companies. These businesses will create an impact on the state economy through the retention and creation of new jobs and increased business investment, which in turn will increase demand for goods and services across the state economy. ATN helped businesses retain or grow by more than 3,000 jobs in FY 2023-24.²

The jobs retained or created, along with the additional spending of the businesses supported by ATN, created \$383.8 million in added income in FY 2023-24, which is equivalent to supporting 3,624 jobs.

Student spending impact



Some in-state students, referred to as retained students, would have left Alabama if not for the existence of ACCS. In addition, around 3% of students attending ACCS originated from outside the state in FY 2023-24, and some of these students relocated to Alabama to attend the colleges. These students may not have come to the state if the colleges did not exist. While attending the colleges, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$170.3 million in added income for the state economy in FY 2023-24, which supported 3,132 jobs in Alabama.



² The business support impact is limited to those businesses that responded to an independent third-party survey where they quantified monetary or job-related impacts. The business support impact can therefore be considered conservative because it does not include all businesses ATN served in FY 2023-24.

Alumni impact



The education and training the colleges provide for state residents has the greatest impact. Since the colleges were established, students have studied at ACCS and entered the state workforce with greater knowledge and new skills. Today, hundreds of thousands of former ACCS students are employed in Alabama. As a result of their education from ACCS, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, ACCS alumni generated \$6.9 billion in added income for the state economy, which is equivalent to supporting 96,200 jobs.

Total impact

ACCS added \$8.1 billion in income to the Alabama economy during the analysis year, equal to the sum of operations and construction spending impacts; the business support impact; the student spending impact; and the alumni impact. For context, the \$8.1 billion impact was equal to approximately 3.0% of the total gross state product (GSP) of Alabama. This contribution that the colleges provided on their own was larger than the entire Accommodation & Food Services industry in the state.

ACCS's total impact can also be expressed in terms of jobs supported. The \$8.1 billion impact supported 114,043 state jobs, using the jobs-to-sales ratios specific to each industry in the state. This means that one out of every 26 jobs in Alabama is supported by the activities of the colleges and their students. In addition, the \$8.1 billion, or 114,043 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of ACCS and their students and the activities of their alumni in the Health Care & Social Assistance industry sector supported 14,160 jobs in FY 2023-24. If the colleges did not exist, these impacts would not have been generated in Alabama.

ACCS's impact by industry (jobs supported)



15,772

Other Services (except Public Administration)



14,160

Health Care & Social Assistance



13,914

Retail Trade



9,580

Manufacturing



8,919

Government, Non-Education

One out of every 26 jobs in Alabama is supported by the activities of the colleges and their students.



Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates ACCS as an investment from the perspectives of students, taxpayers, and society in Alabama. As with the economic impact analysis, this analysis considers only FY 2023-24 activities.

Student perspective



In FY 2023-24, ACCS served 122,871 credit and 103,893 non-credit students.³

In order to attend the colleges, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by ACCS students in FY 2023-24 amounted to a present value of \$560.7 million, equal to \$259.8 million in out-of-pocket expenses (including future principal and interest on student loans) and \$300.9 million in forgone time and money.

In return for their investment, ACCS's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average ACCS associate degree graduate from FY 2023-24 will see annual earnings \$9,200 higher than a person with a high school diploma or equivalent working in Alabama. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$358,800 in higher earnings per graduate. The present value of the cumulative higher future earnings that ACCS's FY 2023-24 students will receive over their working careers is \$3.1 billion.

The students' benefit-cost ratio is 5.6. In other words, for every dollar students invest in an education at ACCS in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$5.60 in higher future earnings. Annu-

Students see a high rate of return for their investment in ACCS



Average annual return for ACCS students

23.0%



Stock market 30-year average annual return

10.1%



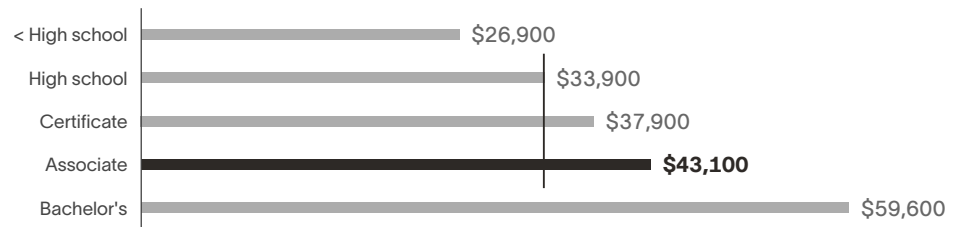
Interest earned on savings account (national deposit rate)

0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

Average earnings by education level at career midpoint

The average associate degree graduate from ACCS will see an increase in earnings of **\$9,200** each year compared to a person with a high school diploma or equivalent working in Alabama.



Source: Lightcast employment data

³ It is not uncommon for students to receive training in more than one non-credit category within a fiscal year. Therefore, students may be counted more than one time as being served by ACCS non-credit offering divisions.



ally, the students' investment in ACCS has an average annual internal rate of return of 23.0%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

Taxpayer perspective



ACCS generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As ACCS's students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2023-24 students' working lives, the state and local government will have collected a present value of \$1.0 billion in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of students attending ACCS and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that ACCS students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. ACCS's students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact ACCS for a copy of the main report. Altogether, the present value of the benefits associated with an education through ACCS will generate \$95.4 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$1.1 billion, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$965.7 million, equal to the amount of state and local government funding ACCS received in FY 2023-24. These benefits and costs yield a benefit-cost ratio of 1.2. This means that for every dollar of public money invested in ACCS in FY 2023-24, taxpayers will receive a cumulative present value of \$1.20 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 1.6%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in ACCS, taxpayers will receive a cumulative value of **\$1.20** over the course of the students' working lives.

Social perspective



Society as a whole in Alabama benefits from the presence of ACCS in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Alabama.

Benefits to society also consist of the savings generated by the improved lifestyles of ACCS's students. As discussed in the previous section, education is statistically

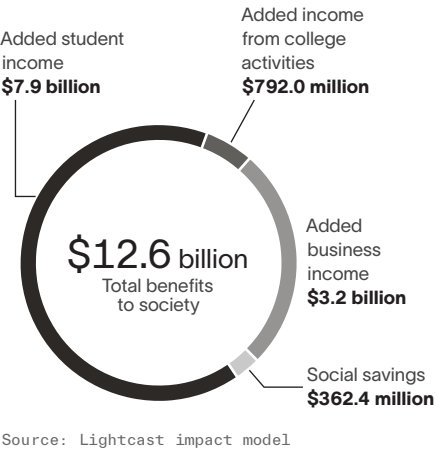


correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact ACCS for a copy of the main report.

Altogether, the social benefits of ACCS equal a present value of \$12.6 billion. These benefits include \$7.9 billion in added student income, \$3.2 billion in added business income, \$792.0 million in added income from college activities, as well as \$362.4 million in social savings related to health, the justice system, and income assistance in Alabama. People in Alabama invested a present value total of \$1.9 billion in ACCS in FY 2023-24. The cost includes all the colleges’ expenditures and student costs.

The benefit-cost ratio for society is 6.5, equal to the \$12.6 billion in benefits divided by the \$1.9 billion in costs. In other words, for every dollar invested in ACCS, people in Alabama will receive a cumulative value of \$6.50 in benefits. The benefits of this investment will occur for as long as ACCS’s FY 2023-24 students remain employed in the state workforce.

Social benefits in Alabama from ACCS



Summary of investment analysis results

The results of the analysis demonstrate that ACCS is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from ACCS. At the same time, taxpayers’ investment in ACCS returns more to government budgets than it costs and creates a wide range of social benefits throughout Alabama.

Summary of investment analysis results

Student perspective		Taxpayer perspective		Social perspective	
Present value benefits \$3.1 billion		Present value benefits \$1.1 billion		Present value benefits \$12.6 billion	
Present value costs \$0.6 billion		Present value costs \$1.0 billion		Present value costs \$1.9 billion	
Net present value \$2.5 billion		Net present value \$0.2 billion		Net present value \$10.7 billion	
Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
5.6	23.0%	1.2	1.6%	6.5	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.
Values may not sum due to rounding.

Conclusion

*The results of this study demonstrate that ACCS creates value from **multiple perspectives**.*

The colleges benefit state businesses by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce. ACCS enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The colleges benefit state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, ACCS benefits society as a whole in Alabama by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2023-24 academic and financial reports from ACCS and the colleges, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the system for a copy of the main report.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.