

The Economic Value of the Maine Community College System



The Maine Community College System¹ (MCCS) 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) 2024-25.



¹ The Maine Community College System includes Central Maine Community College, Eastern Maine Community College, Kennebec Valley Community College, Northern Maine Community College, Southern Maine Community College, Washington County Community College, and York County Community College.

Economic impact analysis

In FY 2024-25, MCCS added **\$1.0 billion** in income to the Maine economy, a value approximately equal to **1.2%** of the state's total gross state product (GSP). Expressed in terms of jobs, the impact of the colleges supported **11,775 jobs**. For perspective, the activities of the colleges and their students support **one out of every 78 jobs** in Maine.

Operations spending impact

- The colleges employed 1,760 full-time and part-time faculty and staff. Payroll amounted to \$115.2 million, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$65.8 million on expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the colleges' operations added **\$123.3 million** in income to the state economy in FY 2024-25.

Construction spending impact

- The colleges invest in capital projects each year to maintain facilities, create additional capacities, and meet growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of the colleges' construction spending in FY 2024-25 was **\$3.3 million** in added income for Maine.

Student spending impact

- Around 5% of students attending the colleges originated from outside the state. Some of these students relocated to Maine. In addition, some in-state students, referred to as retained students, would have left Maine for other educational opportunities if not for the colleges. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at businesses in the state.
- The expenditures of relocated and retained students in FY 2024-25 added **\$20.3 million** in income to the Maine economy.

Alumni impact

- Over the years, students have studied at the colleges and entered or re-entered the workforce with newly acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Maine.
- The net impact of the colleges' former students currently employed in the state workforce amounted to **\$900.0 million** in added income in FY 2024-25.

Impacts created by
MCCS in FY 2024-25



Operations spending impact
\$123.3 million

+



Construction spending impact
\$3.3 million

+



Student spending impact
\$20.3 million

+



Alumni impact
\$900.0 million



Total economic impact
\$1.0 billion

OR



Jobs supported
11,775



Investment analysis

Student perspective

- FY 2024-25 students attending the colleges paid a present value of **\$35.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$60.5 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$609.8 million** in increased earnings over their working lives. This translates to a return of **\$6.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **20.2%**.

Taxpayer perspective

- Taxpayers provided MCCS with **\$110.3 million** of funding in FY 2024-25. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$274.9 million**. A reduced demand for government-funded services in Maine will add another **\$18.1 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$293.0 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in the colleges, taxpayers will receive **\$2.70** in return over the course of students' working lives. The average annual rate of return for taxpayers is **6.9%**.

Social perspective

- In FY 2024-25, Maine invested **\$267.5 million** to support MCCS. In turn, the Maine economy will grow by **\$2.4 billion** over the course of students' working lives. Society will also benefit from **\$44.4 million** of public and private sector savings.
- For every dollar invested in MCCS in FY 2024-25, people in Maine will receive **\$9.10** in return, for as long as the colleges' FY 2024-25 students remain active in the state workforce.

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



Average annual return for MCCS students
20.2%



Stock market 30-year average annual return
10.9%



Interest earned on savings account (national deposit rate)
0.5%

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

For every \$1...

-  **Students** gain in lifetime earnings
\$6.40
-  **Taxpayers** gain in added tax revenue and public sector savings
\$2.70
-  **Society** gains in added income and social savings
\$9.10

