Susquehanna Valley
Community Education Project
Facilitating the establishment of a Susquehanna Valley Community College

The Economic Impact of the Proposed Susquehanna Valley Community College on the NUMSL

EXECUTIVE SUMMARY

THE NUMSL

THE proposed new public Susquehanna Valley Community College (proposed college) will have an economic impact on a main service region comprised of Northumberland, Union, Montour, and Snyder Counties (NUMS) and an extended service region that includes Lycoming County (NUMSL). This executive summary answers five questions about the proposed college's economic impact on the NUMSL:

- What are the short-run impacts associated with the construction and equipment spending to open the proposed college?

- What are the long-run impacts generated by the proposed college's day-to-day operations spending?

- What are the long-run impacts created by the spending of retained and relocated students who will attend the proposed college?

- What are the long-run impacts produced through the increased earnings and productivity of alumni and trainees actively working in the regional workforce?

- What is the total economic impact of the proposed college on the NUMSL economy?

Additionally, this report considers the impact of COVID-19 on the programs expected to be trained for at the proposed college and relevant jobs in the NUMSL. This economic analysis was prepared by Emsi, the leader in labor market data and economic analysis for higher education institutions.

Overview of key results

The total economic impact of the new community college on the NUMSL economy from FY 2022 to FY 2032 will amount to a present value of **$91.9 million** in total added income. This is comprised of $3.1 million in short-run capital spending impacts, $42.2 million in long-run operations spending impacts, $20.5 million in long-run student spending impacts, and $26.1 million in long-run alumni impacts. It is also expected that the proposed college will have grown significantly enough

by 2024, **2.5 years** after construction begins, to recover the costs of not only the capital investment, but the annual costs of keeping the proposed college operational. Additionally, the $1.5 million in capital investment made by the local government to open the proposed college is expected to generate a **return on investment of 2.5**. In other words, for every dollar the local government invests in opening the proposed college, the proposed college will fully recover the dollar and generate an additional $2.50 in benefits for the NUMSL economy.

Economic impact

TOTAL IMPACT FROM FY 2022 TO FY 2032, UNDISCOUNTED
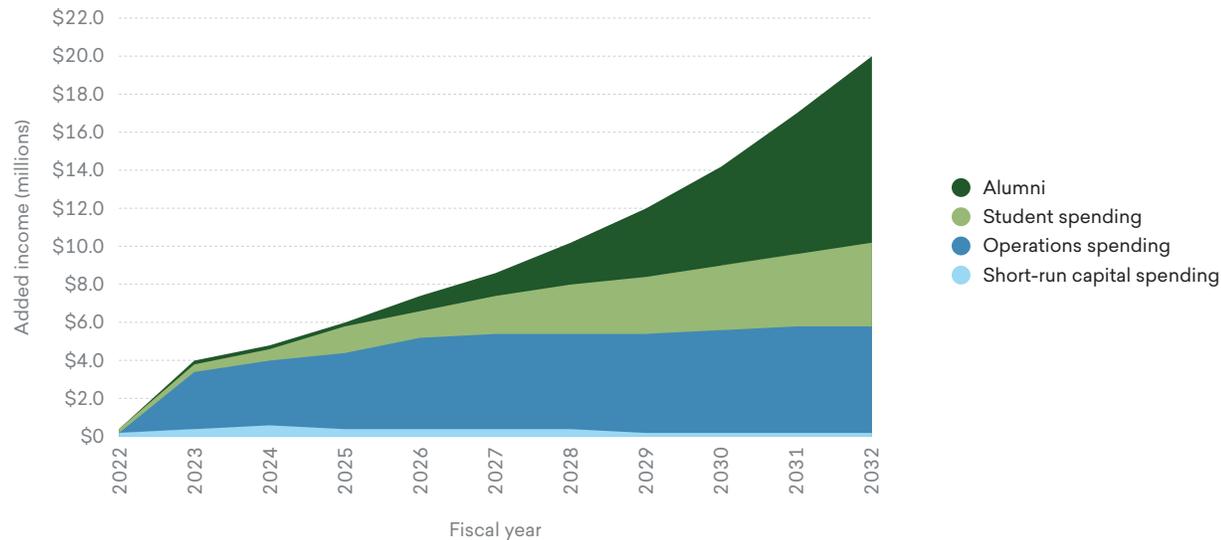
Short-run capital spending impacts

As the $13.5 million in capital investment is spent on renovations, construction, and equipment, the proposed college will create new economic activity that will ripple throughout the region. Because this analysis only looks at capital funding until FY 2032, we do not look at the long-run annual impacts for capital spending that may occur after the final year of analysis.

This new economic activity will amount to a present value of **$3.1 million** in total added income for the regional economy.

Long-run operations spending impacts

As the proposed college becomes operational, it will spend money on day-to-day operational expenditures, including expenses to support new employees and spending on other supplies and services. These operations spending impacts will begin in FY 2022.

From FY 2022 to FY 2032, the operations spending resulting from the proposed college will create a present value of **$42.2 million** in total added income for the regional economy.

Long-run student spending impacts

With a community college in the NUMSL, many students will be able to stay in the region rather than leave to attend college elsewhere. Some students will also relocate to the NUMSL from outside the region in order to attend the proposed college. The money these retained and relocated students will spend toward living expenses in the region is attributable to the proposed college.

From FY 2022 to FY 2032, the spending from retained and relocated students will create a present value of **$20.5 million** in total added income for the regional economy.

Long-run alumni impacts

The proposed college will not only create new alumni who would not have otherwise been served, but it will respond to the needs of a growing economy and demand for skilled workers. These alumni will start positively impacting the regional economy in FY 2022. This analysis is capped at FY 2032; however, the number of alumni trained as a result of the proposed college will continue to grow long after.

The added earnings and increased productivity of these students will create long-run impacts across the regional economy. From FY 2022 to FY 2032, these alumni will generate a present value of **$26.1 million** in total added income.

Total impact

From FY 2022 to FY 2032, the present value of short- and long-run impacts created by the proposed college will provide a total economic impact of **$91.9 million** in total added income for the NUMSL economy.

The total annual impact from the long-run operations and student spending, as well as alumni, from the proposed college will be at least **$19.9 million** in total added income for the NUMSL. This is equivalent to supporting **317 jobs** every year.

PRESENT VALUE IMPACTS,
FY 2022 TO FY 2032

NUMS	NUMSL
Short-run capital spending	
$2.6 MILLION	$3.1 MILLION
Long-run operations spending	
$39.7 MILLION	$42.2 MILLION
Long-run student spending	
$15 MILLION	$20.5 MILLION
Long-run alumni	
$21.3 MILLION	$26.1 MILLION
TOTAL IMPACT	
$78.5 MILLION	$91.9 MILLION

Return on investment

An estimated $1.5 million of the capital investment is expected to come from the local government. In return, local taxpayers will receive an estimated present value of **$5.3 million** in added tax revenue stemming from the higher student earnings and increased output of businesses from the impacts discussed above.

These benefits and costs yield a **benefit-cost ratio of 3.5**, indicating a profitable investment. The taxpayer's average annual **internal rate of return is also 25.7%**.

The local taxpayer's investment is expected to generate a **return on investment of 2.5**, meaning that for every dollar the local government invests in opening the proposed college, the proposed college will fully recover the dollar and generate an additional $2.50 in benefits for the NUMSL economy.

Education is also statistically associated with a variety of lifestyle changes that generate social savings. Studies show that as students become more educated, they commit less crimes, are healthier, and are less reliant on government programs like welfare. All of these benefit local taxpayers and society as a whole in the NUMS.

LOCAL TAXPAYERS
RETURN ON INVESTMENT

NUMS	NUMSL
Return on investment	
2.5	2.5
Benefit-cost ratio	
3.5	3.5
Annual internal rate of return	
26.4%	25.7%

Implicit multiplier

The implicit multiplier is the present value of added income divided by capital spending on the proposed college. From FY 2022 to FY 2032, every dollar of the $13.4 million of the proposed college's capital spending will create a present value of **$6.85** in added income throughout the region.

Payback period

By FY 2024, **2.5 years** after construction begins, it is expected that the impacts generated by the proposed college will have grown significantly enough to recover the costs of not only the capital investment, but the annual costs of keeping the proposed college operational.

Enrollment sensitivity analysis

Sensitivity analysis measures the extent to which a model's outputs are affected by hypothetical changes in the predicted input data for the proposed college.

If actual enrollment increases, the proposed college will receive more in tuition and fees and be required to hire more faculty and staff to support the students attending the college.

The table below displays the total economic impacts of the proposed college at the base case and at 10% and 20% increase in operations spending, student spending, and alumni variables.

SENSITIVITY ANALYSIS OF THE PRESENT VALUE OF TOTAL ECONOMIC
IMPACTS, TOTAL FROM FY 2022 TO FY 2032

% variation in assumptions	Base case	10%	20%
Labor income (thousands)	$73,471	$80,547	$87,622
Non-labor income (thousands)	$18,461	$20,229	$21,996
Total added income (thousands)	**$91,932**	**$100,775**	**$109,618**
Sales (thousands)	$230,384	$251,618	$272,835

The effect of COVID-19 on proposed programs

This analysis captures a short-run view of how programs expected to be trained for at the proposed college[1] are currently being impacted in the NUMSL by the COVID-19 pandemic. In the long-run, the programs are projected to train for jobs growing and in-demand in the region.

The *COVID Impact Index* captures the change in daily job postings from the pre-COVID Period to the COVID Impact Period, whereas the *COVID Response Index* captures the change in daily job postings from the COVID Impact Period to the COVID Response Period.

Index scores range from -5 to +5, with positive scores indicating growth in daily job postings and negative scores indicating a decline in daily job postings.[2]

TOP 10 PROPOSED PROGRAMS WITH THE HIGHEST COVID RESPONSE INDEX

CIP code	CIP title	COVID Impact Index	COVID Response Index
11.0101	Computer & Information Sciences, General	3.00	5.00
11.1001	Network & System Administration/Administrator	3.00	5.00
11.1003	Computer & Information Systems Security/Information Assurance	3.00	5.00
15.0702	Quality Control Technology/Technician	2.00	5.00
51.0910	Diagnostic Medical Sonography/Sonographer & Ultrasound Technician	-2.00	5.00
49.0205	Truck & Bus Driver/Commercial Vehicle Operator & Instructor	1.33	4.96
51.1004	Clinical/Medical Laboratory Technician	-2.00	3.00
51.3901	Licensed Practical/Vocational Nurse Training	-1.00	2.00
51.3999	Practical Nursing, Vocational Nursing & Nursing Assistants, Other	1.30	2.00
52.1803	Retailing & Retail Operations	0.97	1.72

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1   Proposed programs provided by the SVCEP. For each program, we assigned a Classification of Instructional Programs (CIP) code that closely reflects the nature of the program. They are are not precise matches for the programs that will be offered at the proposed college.

2   For more details on how the COVID Impact and Response Indices are calculated, see the main report.

TOP 10 PROPOSED PROGRAMS WITH THE LOWEST COVID RESPONSE INDEX

CIP code	CIP title	COVID Impact Index	COVID Response Index
46.0201	Carpentry/Carpenter	-2.43	-3.02
46.0503	Plumbing Technology/Plumber	-2.35	-2.70
51.0706	Health Information/Medical Records Administration/Administrator	-1.00	-2.00
51.0814	Radiologist Assistant	-1.00	-2.00
52.0401	Administrative Assistant & Secretarial Science, General	-1.76	-2.00
46.0302	Electrician	-2.34	-1.93
51.0805	Pharmacy Technician/Assistant	-1.75	-1.75
51.0705	Medical Office Management/Administration	-2.00	-1.68
51.0713	Medical Insurance Coding Specialist/Coder	-2.00	-1.00
51.2306	Occupational Therapy/Therapist	-2.00	-1.00

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