

# The Economic Value of Brooklyn College



**B**ROOKLYN COLLEGE creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the region, generating new dollars and opportunities for New York City.<sup>1</sup> Brooklyn College provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Brooklyn College is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Brooklyn College influences both the lives of its students and the regional economy. The college supports a variety of industries in New York City, serves regional businesses, and benefits society as a whole in New York from an expanded economy and improved quality of life. Additionally, the benefits created by Brooklyn College extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Brooklyn College on the business community and the benefits the college generates in return for the investments made by its 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 the college, for fiscal year (FY) 2021-22. Impacts on the New York City 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 New York are reported under the investment analysis.



Brooklyn College influences both the **lives of its students** and the **regional economy**.

<sup>1</sup> For the purposes of this analysis, New York City comprises the counties of Bronx, Kings, New York, Queens, and Richmond.

# Economic impact analysis



Brooklyn College promotes economic growth in New York City through its direct expenditures and the resulting expenditures of students and regional businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. The college's reputation and activities attract students from outside New York City, whose expenditures benefit regional vendors. In addition, Brooklyn College is one of the primary sources of higher education to New York City residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

## Operations spending impact



Brooklyn College adds economic value to New York City as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, payroll at Brooklyn College was \$217.4 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$108.7 million on day-to-day expenses related to facilities, supplies, and professional services.

Brooklyn College's day-to-day operations spending added \$284.6 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$284.6 million in added income is equivalent to supporting 2,900 jobs in the region.

## Student spending impact



Around 8% of students attending Brooklyn College originated from outside the region in FY 2021-22, and most of these students relocated to New York City to attend Brooklyn College. These students may not have come to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left New York City if not for the existence of Brooklyn College. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$52.1 million in added income for the regional economy in FY 2021-22, which supported 150 jobs in New York City.<sup>2</sup>

<sup>2</sup> Note that many student activities and expenses associated with these activities were affected by COVID-19 in FY 2021-22, reducing the student spending impact.

### Impacts created by Brooklyn College in FY 2021-22



Operations spending impact

**\$284.6 million**

+



Student spending impact

**\$52.1 million**

+



Alumni impact

**\$2.3 billion**



Total economic impact

**\$2.6 billion**

OR

Jobs supported

**20,533**



## Alumni impact



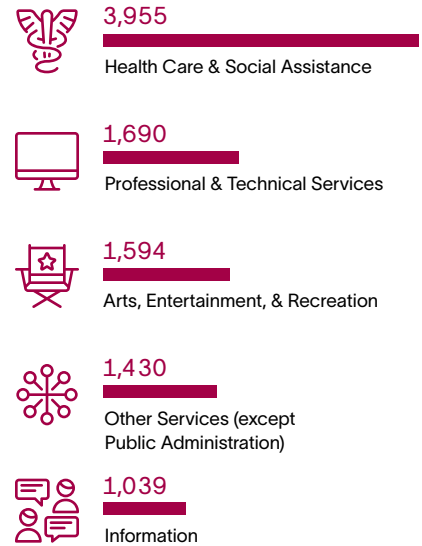
The education and training Brooklyn College provides for regional residents has the greatest impact. Since the establishment of the college, students have studied at Brooklyn College and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Brooklyn College students are employed in New York City. As a result of their education from Brooklyn College, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, Brooklyn College alumni generated \$2.3 billion in added income for the regional economy, which is equivalent to supporting 17,482 jobs.

## Total impact

Brooklyn College added \$2.6 billion in income to the New York City economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact.

Brooklyn College's total impact can also be expressed in terms of jobs supported. The \$2.6 billion impact supported 20,533 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the \$2.6 billion, or 20,533 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of Brooklyn College and its alumni in the Health Care & Social Assistance industry sector supported 3,955 jobs in FY 2021-22. If the college did not exist, these impacts would not have been generated in New York City.

### Brooklyn College impacts by industry (jobs supported)





# Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates Brooklyn College as an investment from the perspectives of students, taxpayers, and society in the state of New York. As with the economic impact analysis, this analysis considers only FY 2021-22 activities.

## Student perspective



In FY 2021-22, Brooklyn College served 19,234 students. To attend the college, 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 Brooklyn College's students in FY 2021-22 amounted to a present value of \$260.7 million, equal to \$68.8 million in out-of-pocket expenses (including future principal and interest on student loans) and \$191.9 million in forgone time and money.

In return for their investment, Brooklyn College's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Brooklyn College bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$41,200 higher than a person with a high school diploma or equivalent working in New York. Over a working lifetime, the benefits of a bachelor's degree over a high school diploma will amount to an undiscounted \$1.7 million in higher earnings per graduate. The present value of the cumulative higher future earnings that Brooklyn College's FY 2021-22 students will receive over their working careers is \$1.9 billion.

The students' benefit-cost ratio is 7.3. In other words, for every dollar students invest in Brooklyn College in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$7.30 in higher future earnings. Annually, the

## Students see a high rate of return for their investment in Brooklyn College



Average annual rate of return for Brooklyn College students

**21.7%**



Stock market 30-year average annual return

9.6%

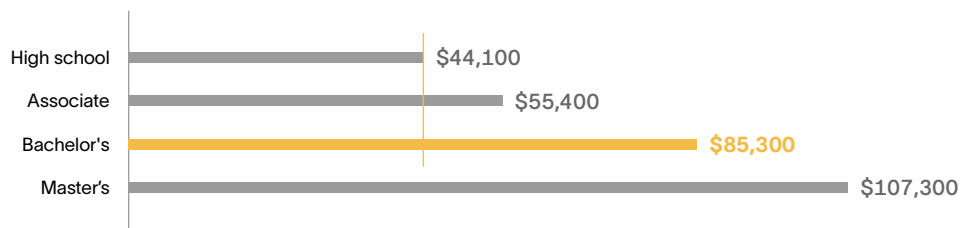


Interest earned on savings account (national deposit rate)

0.4%

Source: Forbes (S&P 500, 1992-2021). FDIC.gov, 2-2022.

The average bachelor's degree graduate from Brooklyn College will see an increase in earnings of **\$41,200** each year compared to a person with a high school diploma or equivalent working in New York.



Source: Lightcast employment data.

students' investment in Brooklyn College has an average annual internal rate of return of 21.7%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.6%.

## Taxpayer perspective



Brooklyn College 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 Brooklyn College 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 2021-22 students' working lives, the state and local government will have collected a present value of \$628.1 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Brooklyn College students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that Brooklyn College 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 health care services. In addition, costs related to the justice system will decrease. Brooklyn College 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 the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from Brooklyn College will generate \$121.6 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$749.6 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$200.9 million, equal to the amount of state and local government funding Brooklyn College received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 3.7. This means that for every dollar of public money invested in Brooklyn College in FY 2021-22, taxpayers will receive a cumulative present value of \$3.70 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 8.9%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in Brooklyn College, taxpayers will receive a cumulative value of **\$3.70** over the course of the students' working lives.

## Social perspective



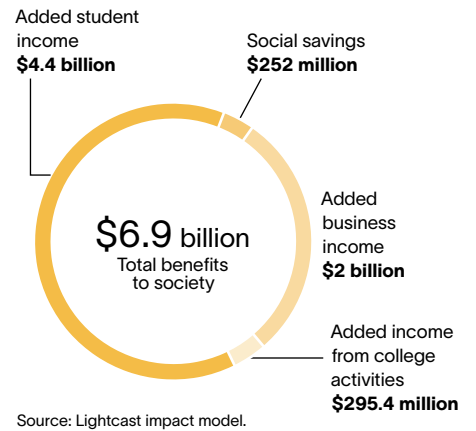
Society as a whole in New York benefits from the presence of Brooklyn College in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output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

Benefits to society also consist of the savings generated by the improved lifestyles of Brooklyn College 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, alcohol dependence, obesity, drug 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 the college for a copy of the main report.

Altogether, the social benefits of Brooklyn College equal a present value of \$6.9 billion. These benefits include \$4.4 billion in added student income, \$2 billion in added business income, \$295.4 million in added income from college activities, as well as \$252 million in social savings related to health, the justice system, and income assistance in New York. People in New York invested a present value total of \$539.1 million in Brooklyn College in FY 2021-22. The cost includes all the college and student costs.

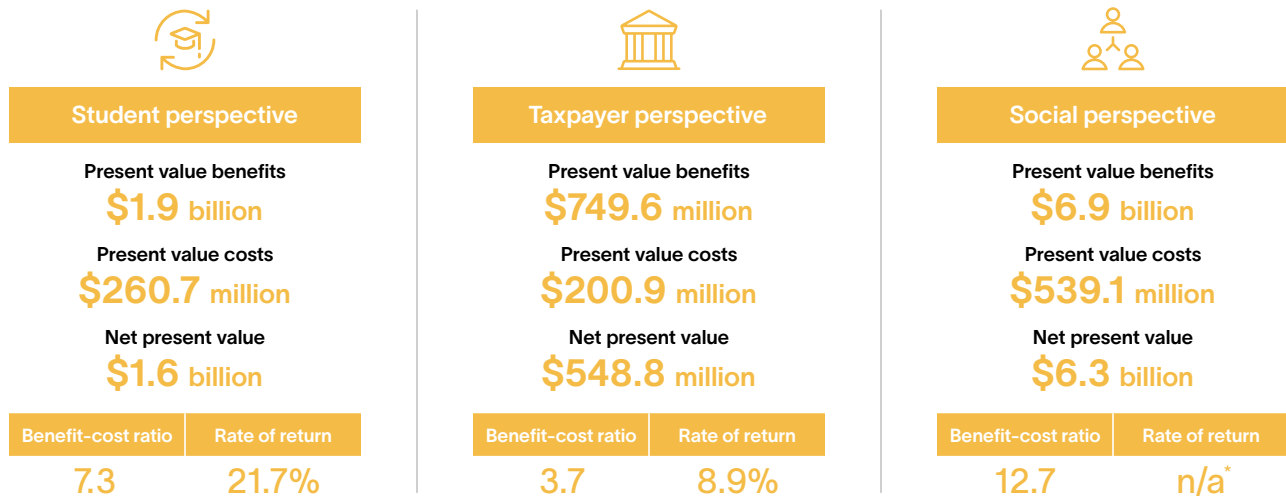
The benefit-cost ratio for society is 12.7, equal to the \$6.9 billion in benefits divided by the \$539.1 million in costs. In other words, for every dollar invested in Brooklyn College, people in New York will receive a cumulative value of \$12.70 in benefits. The benefits of this investment will occur for as long as Brooklyn College's FY 2021-22 students remain employed in the state workforce.

### Social benefits in New York from Brooklyn College



## Summary of investment analysis results

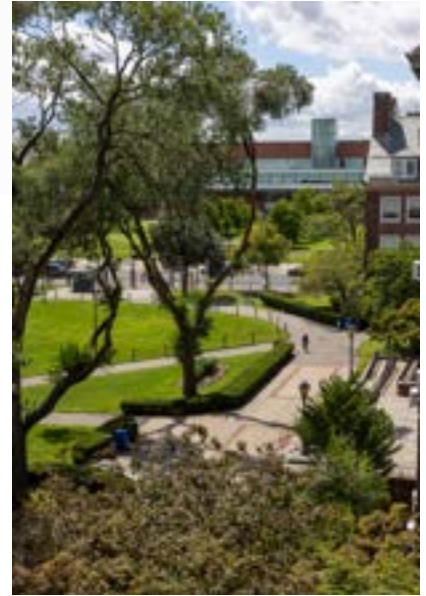
The results of the analysis demonstrate that Brooklyn College is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from Brooklyn College. At the same time, taxpayers' investment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



\* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

# Conclusion

The results of this study demonstrate that Brooklyn College creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Brooklyn College enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Brooklyn College benefits society as a whole in New York 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 2021-22 academic and financial reports from Brooklyn College, 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 college for a copy of the main report.

The results of this study demonstrate that Brooklyn College is an important anchor institution in New York City that generates remarkable returns for the investments made by its key stakeholder groups—students, taxpayers, and society.



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](https://lightcast.io/solutions/education) to learn more or connect with us.