

The Economic Value of New Jersey's Community Colleges



New Jersey's Community Colleges* (NJ's Community Colleges) create a significant positive impact on the business community and generate a return on investment to their 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) 2023-24.

Economic impact analysis

In FY 2023-24, NJ's Community Colleges added **\$12.8 billion** in income to the New Jersey economy, a value approximately equal to **1.6%** of the state's total gross state product (GSP). Expressed in terms of jobs, the impact of NJ's Community Colleges supported **135,492 jobs**. For perspective, the activities of the colleges and their students support **one out of every 46 jobs** in New Jersey.



* New Jersey's Community Colleges consist of 18 institutions.

Operations spending impact

- NJ's Community Colleges employed 14,807 full-time and part-time faculty and staff. Payroll amounted to \$770.3 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 \$499.2 million on expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the colleges' operations added **\$833.3 million** in income to the state economy in FY 2023-24.

Construction spending impact

- NJ's Community 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 2023-24 was **\$35.1 million** in added income for New Jersey.

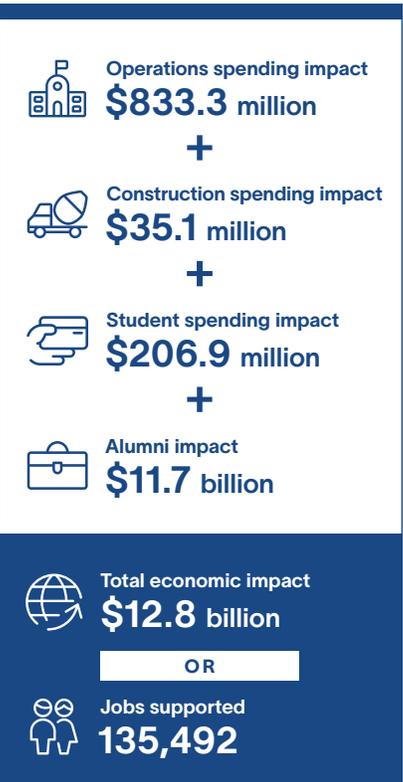
Student spending impact

- Around 5% of students attending NJ's Community Colleges originated from outside the state. Some of these students relocated to New Jersey. In addition, some in-state students, referred to as retained students, would have left New Jersey for other educational opportunities if not for NJ's Community 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 2023-24 added **\$206.9 million** in income to the New Jersey economy.

Alumni impact

- Over the years, students have studied at NJ's Community 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 New Jersey.
- The net impact of the colleges' former students currently employed in the state workforce amounted to **\$11.7 billion** in added income in FY 2023-24.

Impacts created by NJ's Community Colleges in FY 2023-24



Investment analysis

Student perspective

- The colleges' FY 2023-24 students paid a present value of **\$472.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$425.3 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 **\$3.9 billion** in increased earnings over their working lives. This translates to a return of **\$4.30** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.9%**.

Taxpayer perspective

- Taxpayers provided NJ's Community Colleges with **\$665.1 million** of funding in FY 2023-24, a portion of which went directly to students through state financial aid programs. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.3 billion**. A reduced demand for government-funded services in New Jersey will add another **\$411.6 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$1.7 billion**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in NJ's Community Colleges, taxpayers will receive **\$2.60** in return over the course of students' working lives. The average annual rate of return for taxpayers is **6.7%**.

Social perspective

- In FY 2023-24, New Jersey invested **\$2.0 billion** to support NJ's Community Colleges. In turn, the New Jersey economy will grow by **\$15.2 billion** over the course of students' working lives. Society will also benefit from **\$548.0 million** of public and private sector savings.
- For every dollar invested in NJ's Community Colleges in FY 2023-24, people in New Jersey will receive **\$8.00** in return, for as long as the colleges' FY 2023-24 students remain active in the state workforce.

Students see a high rate of return for their investment in NJ's Community Colleges



Average annual return for NJ's Community Colleges students
14.9%



Stock market 30-year average annual return
10.9%



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

Source: Forbes' S&P 500, 1994-2025; FDIC.gov, January 2024

For every \$1...



Students gain in higher lifetime earnings
\$4.30



Taxpayers gain in added tax revenue and public sector savings
\$2.60



Society gains in added income and social savings
\$8.00

