



The Economic Impact of Guilford County Schools and the 2008 Bond Referendum

Dr. Andrew Brod, April 2008

- There is so much that makes GCS indispensable to the local economy, some of which can be summarized in an economic-impact analysis (EIA). A study like this is a lower bound, a starting point. It necessarily understates the true value of a high-quality public school system.
- An EIA calculates the effects of spillovers, or multiplier effects. Every activity, whether spending or hiring, generates additional activity, which in turn generates even more activity, as people trade with each other in the local economy.
- This EIA focuses on three avenues of economic impact:
 - (1) GCS operations, including a break-out of “the academies” (which includes the early and middle colleges);
 - (2) Construction and related activity resulting from the bonds of 2000 and 2003, and projected to result from the 2008 bond, if approved; including a break-out of minority-, women-, and disabled-owned businesses;
 - (3) Improvement in selected educational outcomes since 2000: lower drop-out rate, more scholarships earned by graduating seniors, more Advanced Placement credits earned by graduating seniors.
- The economic impact of GCS operations was \$1.27 billion and 15,377 jobs in 2006-07. The academies accounted for a subset of that: \$16.6 million and 184 jobs.
- The composite multiplier for GCS operations is 1.70, i.e. for each dollar spent by GCS, another 70 cents of economic activity is generated in Guilford County.
- Among the industries in which GCS operations generate the biggest business-to-business impacts are telecommunications and architectural/engineering services.
- Including the improved educational outcomes, the overall GCS economic impact in 2006-07 was \$1.32 billion and 15,777 jobs. This is in the same ballpark as some other recent EIAs conducted by CBER:

Moses Cone Health System	2003	\$1.48 billion	16,322 jobs
High Point Furniture Market	2003	\$1.07 billion	13,038 jobs
UNCG	2006	\$1.22 billion	13,520 jobs

- The multi-year fiscal impacts of the 2000, 2003, and 2008 school bonds were/will be \$311 million, \$477 million, and \$657 million, respectively. Because of mismatched time frames, these should not be added to the GCS operations impact.
- The multi-year fiscal impacts of contracts awarded to MWDBEs as part of the 2000, 2003, and 2008 school bonds were/will be \$22 million, \$54 million, and \$75 million, respectively.