The Grow by Degrees campaign was established by the Virginia Business Higher Education Council to promote the Commonwealth’s long-term competitiveness and sustained economic growth through high-impact investments and innovation in our public colleges, universities, and community colleges. The campaign has outlined Seven Policy Priorities to make Virginia a national and international leader in educational attainment, income growth, and economic advancement:

- Awarding 70,000 additional high-quality degrees over the next 10 years, increasing the percentage of Virginians possessing college degrees to more than 50 percent.
- Targeting the new degrees to high-income, high-demand job sectors.
- Creating cost-efficient new ways to access college degrees.
- Expanding job-specific training at community colleges.
- Increasing public-private collaboration on university-based research.
- Enhancing economic development and workforce initiatives in each region.
- Making college affordable for low- and middle-income students and families.

**Purpose and Methodology**

The Commonwealth of Virginia’s public higher education system has long been one of the strongest and most diverse in the world. It is also a powerful engine for economic growth and opportunity.

The Virginia Business Higher Education Council (VBHEC) commissioned this economic impact study to gain a more comprehensive understanding of the contributions that Virginia’s public colleges, universities, and community colleges make to the economic well-being of the Commonwealth and its citizens.

In addition to the economic impact of spending by higher education institutions, foundations, students, employees, and visitors, the study measured other tangible sources of impact, such as cutting-edge research and development and the attraction of dollars to Virginia from outside the state. It also assessed the impact of the investment in human capital—the increased productivity and earnings of college graduates.

Having a degree increases income, and income growth in turn increases spending which acts as a catalyst for new economic activity and job creation, and enhances state tax revenues.

**Other Benefits**

Many other valuable social and economic benefits from higher education are not captured in this study. Virginia’s colleges, universities, and community colleges educate young people to contribute to the whole of society. College graduates not only pay more in taxes on average but contribute more to charitable and other worthy causes and require less government assistance. Virginia’s higher education institutions play a key role in creating the quality of life and positive business climate that attracts new business investment and new jobs to the Commonwealth, and they are active partners in economic development efforts. These important benefits are beyond the scope of this study.
State Investment Pays for Itself
The most significant finding of the study is that for each dollar the state invests annually in public higher education, there is a return of $1.39 in additional state tax revenue. Aside from direct expenditures on tourism promotion and economic development, few if any other activities of state government can conclusively demonstrate that they generate more tax revenues than they cost the taxpayers. Higher education produces $2.5 billion in state revenues every year.

The positive impact on the Virginia economy is enormous. Public higher education accounts for more than 144,000 jobs across the Commonwealth and $24 billion in economic activity—more than 6% of Virginia’s entire gross domestic product (GDP). That means for every dollar the state invests in its higher education system, $13.31 of economic activity results. That activity supports small businesses, tourism, capital investment in new job-creating enterprises, and many other facets of the Commonwealth’s broad and diverse economy.

Colleges Attract Investments in Virginia
Virginia’s public higher education system is a magnet for new spending and investment in the Commonwealth. Nearly 25% of the institutions’ revenue comes from out-of-state sources, including research grants, tuition payments, and private gifts. Other dollars flow in from purchases by students and visitors from outside Virginia. These out-of-state dollars support almost 35,000 jobs and have a total economic impact of $1.575 billion.

Research and development at Virginia’s higher education institutions produce large economic returns for the Commonwealth. Research activities support 13,000 jobs, generate $588 million in the state economy, and contribute $72 million to state revenues each year. The state’s direct expenditure to promote university-based research is only a fraction of this revenue total.

More Degrees = Bigger Impact
The study shows that higher education spending has a positive impact on all Virginians, and that investing more in higher education in the decade ahead will produce large returns. If Virginia can reach Grow By Degrees’ goal of awarding 70,000 new degrees over the next 10 years, the economic boost to the Commonwealth will be impressive: $18 billion in additional economic activity and $1.9 billion more in state tax revenue annually (in 2007 dollars).

Conclusion
The results of the first comprehensive study of the economic activity generated by Virginia’s investment in public higher education demonstrate that Virginia gets back far more than it spends. That return is not only economic, but also improved quality of life for the citizens of the Commonwealth. Now is the time for us to renew and strengthen our commitment to public higher education to create a brighter future for all Virginians.