



The Economic Value of the San Diego Community College District

FACT SHEET

THE San Diego Community College District (SDCCD) creates a significant positive impact on the business community and generates a return on investment to its 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) 2017-18.



Impact on the Business Community

During the analysis year, the SDCCD and the colleges' students added **\$4.4 billion** in income to the San Diego County economy, approximately equal to **1.9%** of the county's total gross regional product (GRP). The SDCCD's impact supported **45,884** jobs in FY 2017-18. For perspective, this means that one out of every **46** jobs in San Diego County is supported by the activities of the SDCCD and the colleges' students. The economic impacts of the SDCCD break down as follows:

OPERATIONS SPENDING IMPACT

- The SDCCD employed 4,250 full-time and part-time employees in FY 2017-18, including district staff. Payroll amounted to \$305.5 million, much of which was spent in San Diego County to purchase groceries, clothing, and other household goods and services. The colleges spent another \$289.7 million to support their day-to-day operations.
- The net impact of the colleges' payroll and expenses in San Diego County during the analysis year was approximately **\$549.3 million** in income.

CONSTRUCTION SPENDING IMPACT

- The SDCCD commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of the SDCCD's construction spending in FY 2017-18 was **\$53 million** in added income for San Diego County.

STUDENT SPENDING IMPACT

- Around 35% of students attending the colleges originated from outside the county. Although no students from outside the county relocated in order to attend the colleges, a number of students would have left the county if not for the SDCCD. These retained students spent money on groceries, transportation, rent, and so on at county businesses.

IMPACTS CREATED BY THE SDCCD
IN FY 2017-18



\$549.3 million
Operations Spending Impact



\$53 million
Construction Spending Impact



\$128.6 million
Student Spending Impact



\$3.7 billion
Alumni Impact



\$4.4 billion
TOTAL ECONOMIC IMPACT

*The SDCCD's
impact of \$4.4 billion
supported 45,884 jobs.*

- The expenditures of retained students during the analysis year added approximately **\$128.6 million** in income to the San Diego County economy.

ALUMNI IMPACT

- Over the years, students have studied at the SDCCD and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in San Diego County.
- The impact of former students currently employed in the county workforce amounted to **\$3.7 billion** in added income during the analysis year.



Return on investment to students, taxpayers, and society

STUDENT PERSPECTIVE

- The SDCCD's FY 2017-18 students paid a total present value of **\$81.4 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$519.2 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the colleges, students will receive a present value of **\$1.9 billion** in increased earnings over their working lives. This translates to a return of **\$3.20** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **12.1%**.

TAXPAYER PERSPECTIVE

- In FY 2017-18, state and local taxpayers in California paid **\$444.8 million** to support the operations of the SDCCD. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$1 billion** in benefits to taxpayers. Savings to the public sector add another **\$100.6 million** in benefits due to a reduced demand for government-funded services in California.
- Dividing benefits to taxpayers by the associated costs yields a 2.6 benefit-cost ratio, i.e., every dollar in costs returns **\$2.60** in benefits. The average annual return on investment for taxpayers is **6.9%**.

SOCIAL PERSPECTIVE

- The economic base in California will grow by **\$15.9 billion** over the course of the students' working lives. Society will also benefit from **\$183.3 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on the SDCCD FY 2017-18 educations, society will receive a cumulative value of **\$12.90** in benefits, for as long as the FY 2017-18 student population at the SDCCD remains active in the state workforce.

STUDENTS RATE OF RETURN



12.1%

Average Annual Return for the SDCCD Students



10.1%

Stock Market 30-year Average Annual Return*



0.8%

Interest Earned on Savings Account (National Rate Cap)**

* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

*The economic base in California will grow by **\$15.9 billion** over the course of the students' working lives.*



FOR EVERY \$1...



Students gain

\$3.20

in lifetime earnings



Taxpayers gain

\$2.60

in added tax revenue and public sector savings



Society gains

\$12.90

in added state revenue and social savings