

The Economic Value of Career and Technical Education at San Diego City College

Career and Technical Education¹ (CTE) at San Diego City College (SDCC) 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) 2019-20.



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, SDCC's CTE added **\$366.6 million** in income to the San Diego County economy. Expressed in terms of jobs, SDCC's CTE impact supported **4,521 jobs**.

OPERATIONS SPENDING IMPACT

- SDCC employed 518 full-time and part-time CTE faculty and staff.² Payroll amounted to \$22.3 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. SDCC's CTE spent another \$11.3 million on day-to-day expenses related to facilities, supplies, and professional services.³
- The net impact of the college's CTE operations spending added **\$30.9 million** in income to the county economy in FY 2019-20.

STUDENT SPENDING IMPACT

- Around 4% of CTE students attending SDCC originated from outside the county. Some of these students relocated to San Diego County. In addition, some in-county CTE students, referred to as retained students, would have left San Diego County for other educational opportunities if not for SDCC's CTE. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at county businesses.

IMPACTS CREATED BY SDCC'S CTE IN FY 2019-20



Operations spending impact

\$30.9 million



Student spending impact

\$15.4 million



Alumni impact

\$320.4 million



TOTAL ECONOMIC IMPACT

\$366.6 million

OR

Jobs supported

4,521

1 Career and Technical Education (CTE) is defined at the course level and includes courses coded A-C (Apprenticeship, Advanced Occupational, and Clearly Occupational).
 2 Due to data limitations, the faculty and staff count was estimated using a proportion based on CTE headcount.
 3 Due to data limitations, revenue and expenditure data are estimated using a proportion based on CTE headcount.

- The expenditures of relocated and retained CTE students in FY 2019-20 added **\$15.4 million** in income to the San Diego County economy.

ALUMNI IMPACT

- Over the years, students have enrolled in SDCC's CTE and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of these former students are employed in San Diego County.
- The net impact of SDCC's former CTE students currently employed in the county workforce amounted to **\$320.4 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- SDCC's FY 2019-20 CTE students paid a present value of **\$9.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$25.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, CTE students will receive a cumulative present value **\$237.6 million** in increased earnings over their working lives. This translates to a return of **\$6.80** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **22.9%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided SDCC's CTE with **\$30.6 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from CTE students' higher lifetime earnings and increased business output, amounting to **\$85.2 million**. A reduced demand for government-funded services in California will add another **\$9 million** in benefits to taxpayers.
- For every dollar of public money invested in SDCC's CTE, taxpayers will receive **\$3.10** in return, over the course of CTE students' working lives. The average annual rate of return for taxpayers is **7.9%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, California invested **\$66.9 million** to support SDCC's CTE. In turn, the California economy will grow by **\$1.1 billion**, over the course of CTE students' working lives. Society will also benefit from **\$14.1 million** of public and private sector savings.
- For every dollar invested in SDCC's CTE in FY 2019-20, people in California will receive **\$17.10** in return, for as long as SDCC's FY 2019-20 CTE students remain active in the state workforce.

CTE STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN SDCC



Average annual return for SDCC CTE students

22.9%



Stock market 30-year average annual return

10.6%



Interest earned on savings account (National Rate Cap)

0.8%

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

For every \$1...



Students gain in lifetime earnings

\$6.80



Taxpayers gain in added tax revenue and public sector savings

\$3.10



Society gains in added income and social savings

\$17.10