



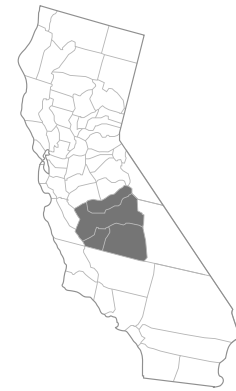
STATE CENTER
COMMUNITY COLLEGE DISTRICT

Executive Summary

JANUARY 2023



The Economic Value of State Center Community College District



THE GREATER FRESNO AREA

STATE CENTER COMMUNITY COLLEGE DISTRICT (SCCCD) creates value in many ways. The district plays a key role in helping students increase their employability and achieve their individual potential. The district draws students to the region, generating new dollars and opportunities for the Greater Fresno Area.¹ SCCCDC provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, SCCCDC is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

SCCCDC influences both the lives of its students and the regional economy. The district supports a variety of industries in the Greater Fresno Area, serves regional businesses, and benefits society as a whole in California from an expanded economy and improved quality of life. Additionally, the benefits created by SCCCDC extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by SCCCDC on the business community and the benefits the district generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

SCCCDC influences both the **lives of its students** and the **regional economy**.

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the district, for fiscal year (FY) 2020-21. Impacts on the Greater Fresno Area economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in California are reported under the investment analysis.

¹ For the purposes of this analysis, the Greater Fresno Area is comprised of Fresno, Kings, Madera, and Tulare Counties.

Economic impact analysis



SCCCD promotes economic growth in the Greater Fresno Area through its direct expenditures and the resulting expenditures of students and regional businesses. The district serves as an employer and buyer of goods and services for its day-to-day operations. The district's activities attract students from outside the Greater Fresno Area, whose expenditures benefit regional vendors. In addition, SCCC is a primary source of higher education to the Greater Fresno Area residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact



SCCCD adds economic value to the Greater Fresno Area as an employer of regional residents and a large-scale buyer of goods and services. In FY 2020-21, the district employed 3,055 full-time and part-time faculty and staff, 95% of whom lived in the Greater Fresno Area. Total payroll at SCCC was \$235.5 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the district spent \$144 million on day-to-day expenses related to facilities, supplies, and professional services.

SCCCD's day-to-day operations spending added \$320.2 million in income to the region during the analysis year. This figure represents the district's payroll, the multiplier effects generated by the in-region spending of the district and its employees, and a downward adjustment to account for funding that the district received from regional sources. The \$320.2 million in added income is equivalent to supporting 3,882 jobs in the region.

Student spending impact



Around 3% of students attending SCCC originated from outside the region in FY 2020-21. These students may not have come to the region if the district did not exist. In addition, some in-region students, referred to as retained students, would have left the Greater Fresno Area if not for the existence of SCCC. While attending the district, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$60.9 million in added income for the regional economy in FY 2020-21, which supported 1,002 jobs in the Greater Fresno Area.

Impacts created by SCCC in FY 2020-21



Operations spending impact
\$320.2 million

+



Student spending impact
\$60.9 million

+



Alumni impact
\$1.3 billion



Total economic impact
\$1.7 billion

OR

Jobs supported
22,558



Alumni impact



The education and training SCCCD provides for regional residents has the greatest impact. Since the establishment of the district, students have studied at SCCCD and entered the regional workforce with greater knowledge and new skills. Today, hundreds of thousands of former SCCCD students are employed in the Greater Fresno Area. As a result of their education from SCCCD, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2020-21, SCCCD alumni generated \$1.3 billion in added income for the regional economy, which is equivalent to supporting 17,674 jobs.

Total impact

SCCCD added \$1.7 billion in income to the Greater Fresno Area economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the \$1.7 billion impact was equal to approximately 2.1% of the total gross regional product (GRP) of the Greater Fresno Area. This contribution that the district provided on its own is larger than the entire Information industry in the region.

SCCCD's total impact can also be expressed in terms of jobs supported. The \$1.7 billion impact supported 22,558 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 38 jobs in the Greater Fresno Area is supported by the activities of SCCCD and its students. In addition, the \$1.7 billion, or 22,558 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, SCCCD's spending and alumni in the Health Care & Social Assistance industry sector supported 3,872 jobs in FY 2020-21. If the district did not exist, these impacts would not have been generated in the Greater Fresno Area.

SCCCD impacts by industry (jobs supported)



3,872

Health Care & Social Assistance



2,069

Government, Non- Education



1,588

Other services (except Public Admin)



1,408

Professional & Technical Services



1,356

Arts, Entertainment & Recreation

One out of every 38 jobs in the Greater Fresno Area is supported by the activities of SCCCD and its students.





An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers SCCCD as an investment from the perspectives of students, taxpayers, and society in California.

Student perspective



In FY 2020-21, SCCCD served 57,627 credit and 997 non-credit students. In order to attend the district, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by SCCCD's students in FY 2020-21 amounted to a present value of \$104.2 million, equal to \$48.2 million in out-of-pocket expenses (including future principal and interest on student loans) and \$56 million in forgone time and money.

In return for their investment, SCCCD's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average SCCCD associate degree graduate from FY 2020-21 will see annual earnings that are \$7,800 higher than a person with a high school diploma or equivalent working in California. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$335.4 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that SCCCD's FY 2020-21 students will receive over their working careers is \$1.4 billion.

The students' benefit-cost ratio is 13.2. In other words, for every dollar students invest in SCCCD in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$13.20 in higher future earnings. Annually, the students' investment in SCCCD has an average annual internal rate of return of 28.9%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5%.

Students see a high rate of return for their investment in SCCCD



Average annual return for SCCCD students
28.9%



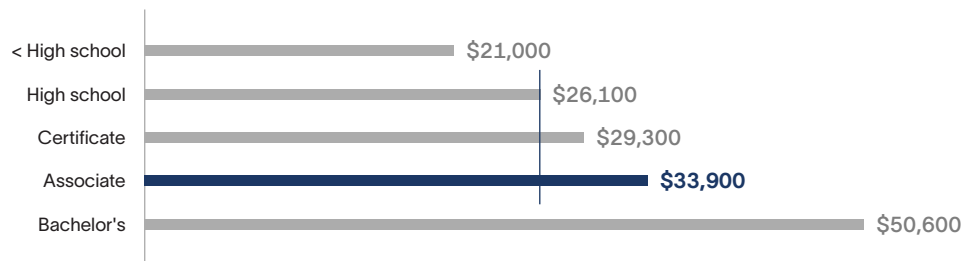
Stock market 30-year average annual return
10.5%



Interest earned on savings account (National Rate Cap)
0.8%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

The average associate degree graduate from SCCCD will see an increase in earnings of **\$7,800** each year compared to a person with a high school diploma or equivalent working in California.



Source: Lightcast employment data.

Taxpayer perspective



SCCCD generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As SCCC students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2020-21 students' working lives, the state and local government will have collected a present value of \$444.2 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of SCCC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The educations that SCCC students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. SCCC students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the district for a copy of the main report. Altogether, the present value of the benefits associated with an education from SCCC will generate \$101.2 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$545.4 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$322.8 million, equal to the amount of state and local government funding SCCC received in FY 2020-21. These benefits and costs yield a benefit-cost ratio of 1.7. This means that for every dollar of public money invested in SCCC in FY 2020-21, taxpayers will receive a cumulative present value of \$1.70 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 2.3%, which compares favorably to other long-term investments in the public and private sectors.

For every dollar of public money invested in SCCC, taxpayers will receive a cumulative value of **\$1.70** over the course of the students' working lives.

Social perspective



Society as a whole in California benefits from the presence of SCCC in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in California.

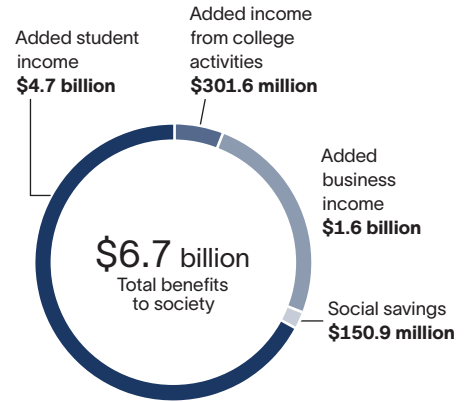
Benefits to society also consist of the savings generated by the improved lifestyles of SCCC students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that

these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the district for a copy of the main report.

Altogether, the social benefits of SCCCD equal a present value of \$6.7 billion. These benefits include \$4.7 billion in added student income, \$1.6 billion in added business income, \$301.6 million in added income from district activities, as well as \$150.9 million in social savings related to health, crime, and income assistance in California. People in California invested a present value total of \$472.8 million in SCCCD in FY 2020-21. The cost includes all the district and student costs.

The benefit-cost ratio for society is 14.2, equal to the \$6.7 billion in benefits divided by the \$472.8 million in costs. In other words, for every dollar invested in SCCCD, people in California will receive a cumulative value of \$14.20 in benefits. The benefits of this investment will occur for as long as SCCCD's FY 2020-21 students remain employed in the state workforce.

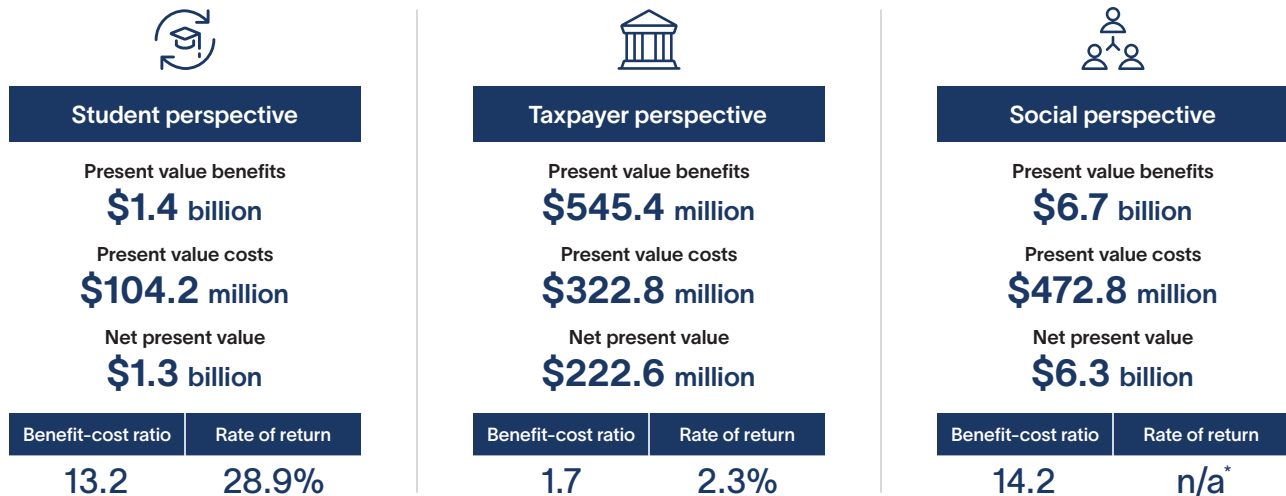
Social benefits in California from SCCCD



Source: Lightcast impact model.

Summary of investment analysis results

The results of the analysis demonstrate that SCCCD is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from SCCCD. At the same time, taxpayers' investment in SCCCD returns more to government budgets than it costs and creates a wide range of social benefits throughout California.



* The rate of return is not reported for the social perspective because the beneficiaries of the investment are not necessarily the same as the original investors.

Conclusion

The results of this study demonstrate that SCCCD creates value from multiple perspectives. The district benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. SCCCD enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The district benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, SCCCD benefits society as a whole in California by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.



About the study

Data and assumptions used in the study are based on several sources, including the FY 2020-21 academic and financial reports from SCCCD, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the district for a copy of the main report.

The results of this study demonstrate that SCCCD creates value from **multiple perspectives.**



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.