



SAN DIEGO  
COMMUNITY COLLEGE  
DISTRICT

## Executive Summary

FISCAL YEAR 2022-23



# The Economic Value of the San Diego Community College District



**T**HE SAN DIEGO COMMUNITY COLLEGE DISTRICT<sup>1</sup> (SDCCD) creates value in many ways. The colleges play a key role in helping students increase their employability and achieve their individual potential. The colleges draw students to the county, generating new dollars and opportunities for San Diego County. The colleges provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the colleges are a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

The SDCCD influences both the lives of its students and the county economy. The colleges support a variety of industries in San Diego County, serve county businesses, and benefit society as a whole in California from an expanded economy and improved quality of life. Additionally, the benefits created by the SDCCD extend to the state and local government through increased tax revenues and public sector savings.

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

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the district, for fiscal year (FY) 2022-23. Impacts on the San Diego County 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.



SAN DIEGO COUNTY

The SDCCD influences both the **lives of its students** and the **county economy**.

<sup>1</sup> The San Diego Community College District consists of San Diego City College, San Diego Mesa College, San Diego Miramar College, and seven campuses of San Diego College of Continuing Education.

# Economic impact analysis



The SDCCD promotes economic growth in San Diego County through its direct expenditures and the resulting expenditures of students and county businesses. The colleges serve as employers and buyers of goods and services for their day-to-day and construction operations. The colleges' activities attract students from outside San Diego County, whose expenditures benefit county vendors. In addition, the colleges are primary sources of higher education to San Diego County residents and suppliers of trained workers to county industries, enhancing overall productivity in the county workforce.

## Operations spending impact



The SDCCD adds economic value to San Diego County as an employer of county residents and a large-scale buyer of goods and services. In FY 2022-23, the district employed 4,835 full-time and part-time faculty and staff, 95% of whom lived in San Diego County. Total payroll at the SDCCD was \$350 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the district spent \$199.3 million (excluding construction) on day-to-day expenses related to facilities, supplies, and professional services.

The SDCCD's day-to-day operations spending added \$472.8 million in income to the county during the analysis year. This figure represents the colleges' payroll, the multiplier effects generated by the in-county spending of the district and its employees, and a downward adjustment to account for funding that the district received from county sources. The \$472.8 million in added income is equivalent to supporting 5,663 jobs in the county.

## Construction spending impact



The SDCCD invests in construction each year to maintain facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the county economy. In FY 2022-23, the SDCCD's construction spending generated \$5.0 million in added income, which is equivalent to supporting 54 jobs.

### Impacts created by the SDCCD in FY 2022-23



Operations spending impact

**\$472.8 million**

+



Construction spending impact

**\$5.0 million**

+



Student spending impact

**\$148.1 million**

+



Alumni impact

**\$3.8 billion**



Total economic impact

**\$4.5 billion**

OR

Jobs supported

**42,121**



## Student spending impact



Around 10% of students attending the SDCCD originated from outside the county in FY 2022-23, and some of these students relocated to San Diego County to attend the SDCCD. These students may not have come to the county if the colleges did not exist. In addition, some in-county students, referred to as retained students, would have left San Diego County if not for the existence of the SDCCD. While attending the colleges, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$148.1 million in added income for the county economy in FY 2022-23, which supported 737 jobs in San Diego County.

## Alumni impact



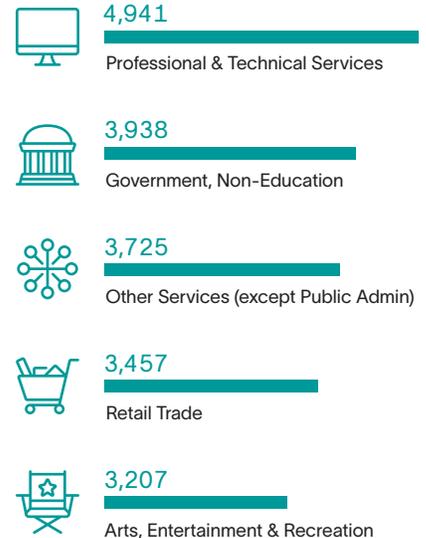
The education and training the colleges provide for county residents has the greatest impact. Since the colleges were established, students have studied at the colleges and entered the county workforce with greater knowledge and new skills. Today, hundreds of thousands of former SDCCD students are employed in San Diego County. As a result of their SDCCD educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, SDCCD alumni generated \$3.8 billion in added income for the county economy, which is equivalent to supporting 35,667 jobs.

## Total impact

The SDCCD added \$4.5 billion in income to the San Diego County economy during the analysis year, equal to the sum of the operations and construction spending impacts; the student spending impact; and the alumni impact. For context, the \$4.5 billion impact was equal to approximately 1.6% of the total gross regional product (GRP) of San Diego County. This contribution that the SDCCD provided on its own is greater than the entire Utilities industry in the county. For further perspective, the SDCCD's \$4.5 billion impact is an economic boost to San Diego County similar to hosting the Super Bowl 13 times.

The SDCCD's total impact can also be expressed in terms of jobs supported. The \$4.5 billion impact supported 42,121 county jobs, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 53 jobs in San Diego County is supported by the activities of the colleges and their students. In addition, the \$4.5 billion, or 42,121 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of the SDCCD and its students and the activities of its alumni in the Professional & Technical Services industry sector supported 4,941 jobs in FY 2022-23. These impacts would not have been generated without the district's presence in San Diego County.

### SDCCD impacts by industry (jobs supported)



**One out of every 53 jobs** in San Diego County is supported by the activities of the SDCCD and its students.



# Investment analysis



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 evaluates the SDCCD as an investment from the perspectives of students, taxpayers, and society in California.

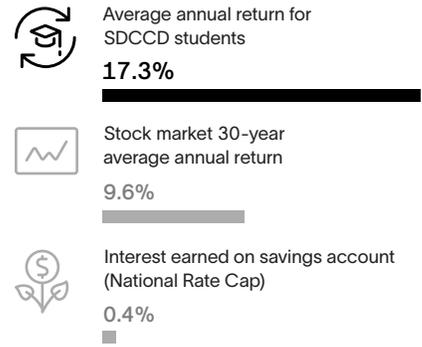
## Student perspective

 In FY 2022-23, the SDCCD served 52,593 credit and 21,313 non-credit students. In order to attend the colleges, the students paid for tuition, fees, books, and supplies. They also gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by SDCCD students in FY 2022-23 amounted to a present value of \$514.2 million, equal to \$54 million in out-of-pocket expenses and \$460.2 million in forgone time and money.<sup>2</sup>

In return for their investment, the SDCCD's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average SDCCD associate degree graduate from FY 2022-23 will see annual earnings that are \$10,100 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 \$363,600 in higher earnings per graduate. The present value of the cumulative higher future earnings that SDCCD's FY 2022-23 students will receive over their working careers is \$2 billion.<sup>3</sup>

The students' benefit-cost ratio is 3.9. In other words, for every \$1,000 students invest in the SDCCD in the form of out-of-pocket expenses and forgone time and money, they

### Students see a high rate of return for their investment in the SDCCD



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



The average associate degree graduate from the SDCCD will see an increase in earnings of **\$10,100** each year compared to a person with a high school diploma or equivalent working in California.

Source: Lightcast employment data.

2 Out-of-pocket expenditures include tuition and fees and books and supplies and amount to a total of \$54 million. In addition to out-of-pocket expenditures, students experience an opportunity cost, the value of the time and earnings foregone by students who choose to go to college rather than work, amounting to \$460.2 million. Opportunity cost calculations consider students who are unemployed, working part-time, or working full-time.

3 Cumulative higher earnings are calculated according to the educational achievements of students during FY 2022-23, and include continuing students as well as certificate and degree earners. Based on achievements and the corresponding incremental increase in wages, higher future earnings are projected out over the course of students' working lives. For a detailed methodology discussion, please contact the SDCCD for a copy of the main report.

will receive a cumulative value of \$3,900 in higher future earnings. Annually, the students' investment in the SDCCD has an average annual internal rate of return of 17.3%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.6%.

## Taxpayer perspective



The SDCCD generates more in tax revenue than it receives. 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 the SDCCD's 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 2022-23 students' working lives, the state and local government will have collected a present value of \$750 million in added taxes.

For every \$1 million of public money invested in the SDCCD, taxpayers will receive a cumulative value of **\$1.4 million** over the course of the students' working lives.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of SDCCD students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that SDCCD 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. SDCCD 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 SDCCD for a copy of the main report. Altogether, the present value of the benefits associated with an education from the SDCCD will generate \$119.3 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$869.3 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$612.3 million, equal to the amount of state and local government funding the SDCCD received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 1.4. This means that for every \$1 million of public money invested in the SDCCD in FY 2022-23, taxpayers will receive a cumulative present value of \$1.4 million 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 sector.

## Social perspective



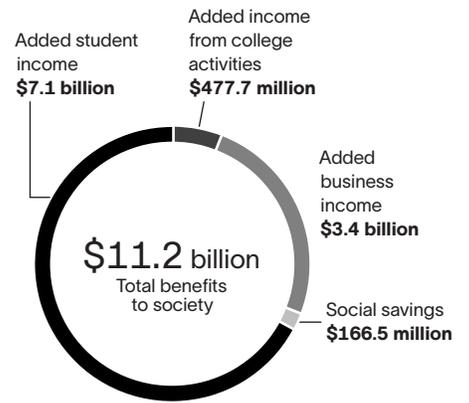
Society as a whole in California benefits from the presence of the SDCCD in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output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

Benefits to society also consist of the savings generated by the improved lifestyles of SDCCD 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 the SDCCD equal a present value of \$11.2 billion. These benefits include \$7.1 billion in added student income, \$3.4 billion in added business income, \$477.7 million in added income from college activities, as well as \$166.5 million in social savings related to health, the justice system, and income assistance in California. People in California invested a present value total of \$1.1 billion in the SDCCD in FY 2022-23. The cost includes all the college and student costs.

The benefit-cost ratio for society is 10.6, equal to the \$11.2 billion in benefits divided by the \$1.1 billion in costs. In other words, for every \$1 million invested in the SDCCD, people in California will receive a cumulative value of \$10.6 million in benefits. The benefits of this investment will occur for as long as the SDCCD's FY 2022-23 students remain employed in the state workforce.

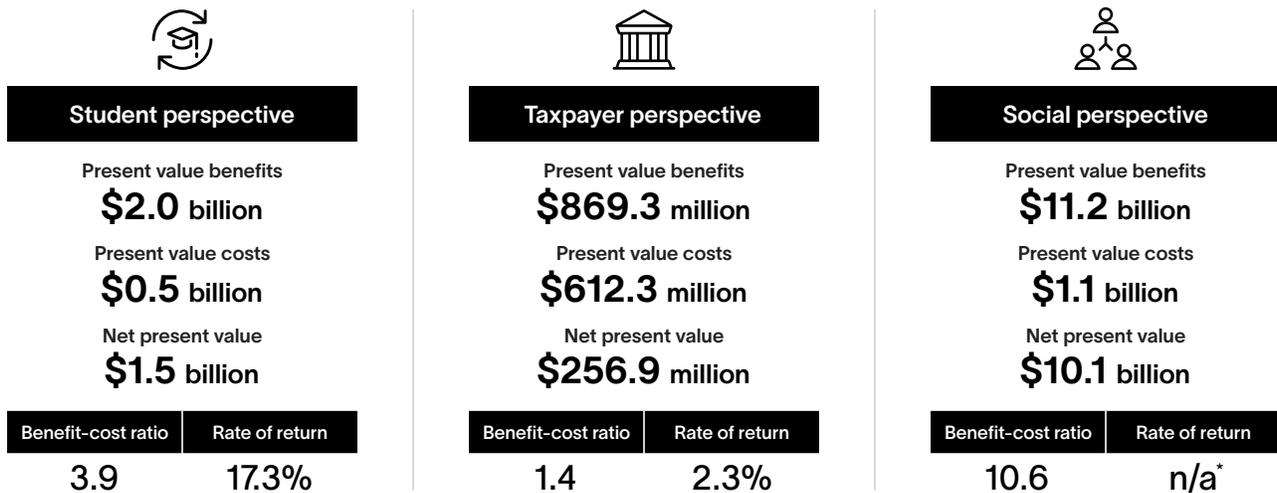
### Social benefits in California from the SDCCD



Source: Lightcast impact model.

## Summary of investment analysis results

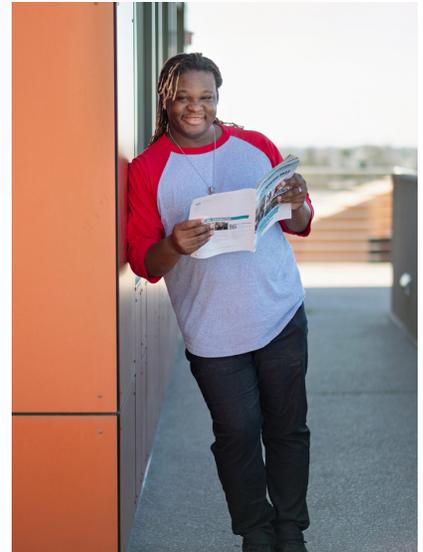
The results of the analysis demonstrate that the SDCCD is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an SDCCD education. At the same time, taxpayers' investment in the SDCCD returns more 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 the SDCCD creates value from multiple perspectives. The colleges benefit county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. The SDCCD enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The colleges benefit state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, the SDCCD 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 2022-23 academic and financial reports from the SDCCD, 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 the SDCCD 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](https://lightcast.io/solutions/education) to learn more or connect with us.