

The Economic Value of Contra Costa College



Contra Costa College (CCC) 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) 2022-23.

Economic impact analysis

In FY 2022-23, CCC added **\$314.1 million** in income to the West Contra Costa County* economy, a value approximately equal to **1.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, CCC's impact supported **3,187 jobs**. For perspective, the activities of CCC and its students support **one out of every 29 jobs** in West Contra Costa County.



* For the purposes of this analysis, West Contra Costa County is comprised of the following zip codes: 94525, 94530, 94547, 94564, 94569, 94572, 94801, 94802, 94803, 94804, 94805, 94806, 94807, 94808, 94820, and 94850.

Operations spending impact

- CCC employed 800 full-time and part-time faculty and staff. Payroll amounted to \$45.2 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$22.7 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college's operations spending added **\$46.6 million** in income to the regional economy in FY 2022-23.

Construction spending impact

- CCC invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of CCC's **\$4.0 million** of construction spending in FY 2022-23 was **\$0.7 million** in added income for West Contra Costa County.

Student spending impact

- Around 35% of students attending CCC originated from outside the region. Some of these students relocated to West Contra Costa County. In addition, some in-region students, referred to as retained students, would have left West Contra Costa County for other educational opportunities if not for CCC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2022-23 added **\$20.3 million** in income to the West Contra Costa County economy.

Alumni impact

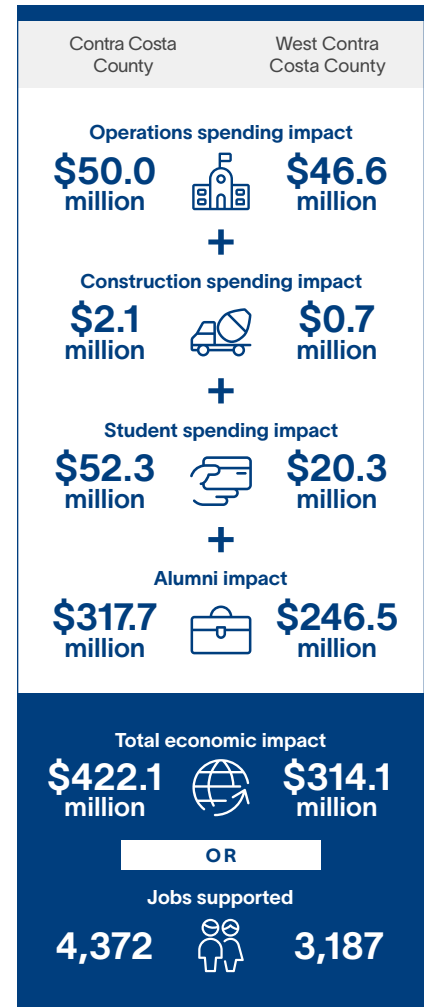
- Over the years, students have studied at CCC and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in West Contra Costa County.
- The net impact of CCC's former students currently employed in the regional workforce amounted to **\$246.5 million** in added income in FY 2022-23.

Investment analysis

Student perspective

- CCC's FY 2022-23 students paid a present value of **\$7.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$17.7 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$216.9 million** in increased earnings over their working lives. This translates to a return of **\$8.80** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **24.7%**.

Impacts created by CCC in FY 2022-23



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



Average annual return for CCC students
24.7%



Stock market 30-year average annual return
10.1%



Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023



Taxpayer perspective

- Taxpayers provided CCC with **\$56.4 million** of funding in FY 2022-23. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$93.2 million**. A reduced demand for government-funded services in California will add another **\$12.8 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$105.9 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in CCC, taxpayers will receive **\$1.90** in return over the course of students' working lives. The average annual rate of return for taxpayers is **4.1%**.

Social perspective

- In FY 2022-23, California invested **\$93.9 million** to support CCC. In turn, the California economy will grow by **\$1.2 billion**, over the course of students' working lives. Society will also benefit from **\$18.8 million** of public and private sector savings.
- For every dollar invested in CCC in FY 2022-23, people in California will receive **\$13.30** in return, for as long as CCC's FY 2022-23 students remain active in the state workforce.

For every \$1...

-  **Students** gain in lifetime earnings **\$8.80**
-  **Taxpayers** gain in added tax revenue and public sector savings **\$1.90**
-  **Society** gains in added income and social savings **\$13.30**

