

The Economic Value of Los Medanos College



Los Medanos College (LMC) 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, LMC added **\$419.2 million** in income to the East Contra Costa County* economy, a value approximately equal to **3.2%** of the region's total gross regional product (GRP). Expressed in terms of jobs, LMC's impact supported **4,637 jobs**. For perspective, the activities of LMC and its students support **one out of every 23 jobs** in East Contra Costa County.



* For the purposes of this analysis, East Contra Costa County is comprised of the following zip codes: 94505, 94509, 94511, 94513, 94514, 94531, 94548, 94561, and 94565.

Operations spending impact

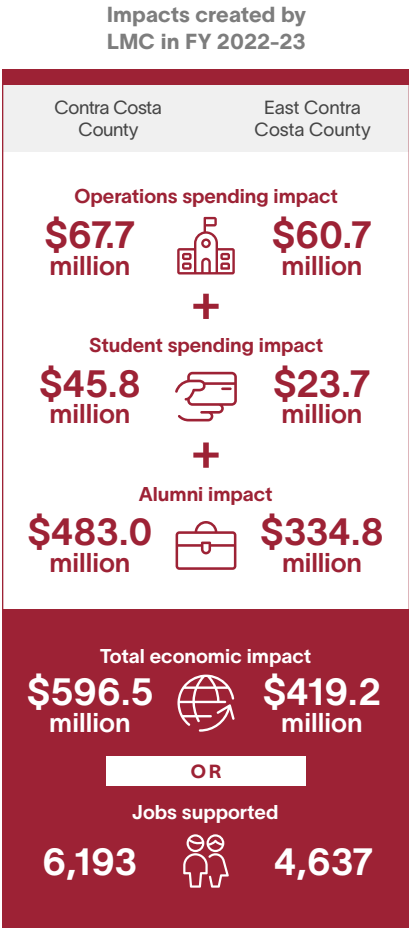
- LMC employed 947 full-time and part-time faculty and staff. Payroll amounted to \$56.4 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$36.9 million on its expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the college’s operations spending added **\$60.7 million** in income to the regional economy in FY 2022-23.

Student spending impact

- Around 22% of students attending LMC originated from outside the region. Some of these students relocated to East Contra Costa County. In addition, some in-region students, referred to as retained students, would have left East Contra Costa County for other educational opportunities if not for LMC. 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 **\$23.7 million** in income to the East Contra Costa County economy.

Alumni impact

- Over the years, students have studied at LMC and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in East Contra Costa County.
- The net impact of LMC’s former students currently employed in the regional workforce amounted to **\$334.8 million** in added income in FY 2022-23.



Investment analysis

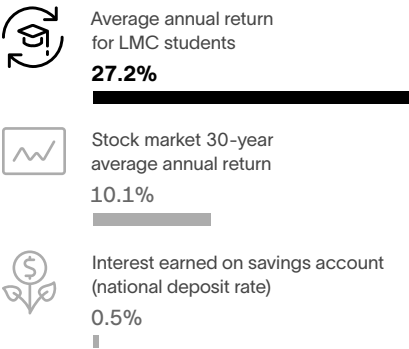
Student perspective

- LMC’s FY 2022-23 students paid a present value of **\$10.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$18.6 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 **\$330.2 million** in increased earnings over their working lives. This translates to a return of **\$11.50** in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is **27.2%**.

Taxpayer perspective

- Taxpayers provided LMC with **\$75.5 million** of funding in FY 2022-23. In return, they will benefit from added tax revenue, stemming from students’ higher life-time earnings and increased business output, amounting to **\$144.2 million**.

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



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

A reduced demand for government-funded services in California will add another **\$18.0 million** in benefits to taxpayers.

- Total taxpayer benefits amount to **\$162.2 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in LMC, taxpayers will receive **\$2.10** in return over the course of students' working lives. The average annual rate of return for taxpayers is **4.7%**.

Social perspective

- In FY 2022-23, California invested **\$118.2 million** to support LMC. In turn, the California economy will grow by **\$1.9 billion**, over the course of students' working lives. Society will also benefit from **\$27.5 million** of public and private sector savings.
- For every dollar invested in LMC in FY 2022-23, people in California will receive **\$16.40** in return, for as long as LMC's FY 2022-23 students remain active in the state workforce.

For every \$1...



Students gain in lifetime earnings

\$11.50



Taxpayers gain in added tax revenue and public sector savings

\$2.10



Society gains in added income and social savings

\$16.40

