



# FACT SHEET

The Economic Value of Palomar Community College District | October 2016

Palomar Community College District (Palomar CCD) 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2014-15.

## IMPACTS CREATED BY PALOMAR CCD IN FY 2014-15

ADDED INCOME	JOBS
<b>\$132.8 million</b>	<b>1,709</b>
Operations spending impact	
<b>\$5.0 million</b>	<b>111</b>
Construction spending impact	
<b>\$1.9 million</b>	<b>33</b>
Student spending impact	
<b>\$770.9 million</b>	<b>12,836</b>
Alumni impact	
<b>\$910.7 million</b>	<b>14,689</b>
Total impact	

## IMPACT ON BUSINESS COMMUNITY

During the analysis year, Palomar CCD and its students added **\$910.7 million** in added income to the Palomar CCD Service Area economy, approximately equal to **2.4%** of the region's total GRP. By comparison, this impact from the district is slightly larger than the Accommodation & Food Services industry in the region. The economic impacts of Palomar CCD break down as follows:

### Operations spending impact

- Palomar CCD employed 1,545 full-time and part-time employees in FY 2014-15. Payroll amounted to **\$121.3 million**, much of which was spent in the Palomar CCD Service Area to purchase groceries, clothing, and other household goods and services. The district spent another **\$67.9 million** to support its day-to-day operations.
- The net impact of district payroll and expenses in the Palomar CCD Service Area during the analysis year was approximately **\$132.8 million** in added income.

### Construction spending impact

- Palomar CCD commissioned contractors to build facilities during the analysis year, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of Palomar CCD's construction spending in FY 2014-15 was **\$5.0 million** in GRP for the region, equivalent to **111** new jobs.

### Impact of student spending

- A number of students would have left the region if not for Palomar CCD. These retained students spent money on groceries, transportation, rent, and so on at region businesses.
- The expenditures of retained students during the analysis year added

## STUDENT RATE OF RETURN



\* RealtyTrac's Q3, 2014

\*\* Forbes' S&P 500, 1994-2014.

approximately **\$1.9 million** in added income to the Palomar CCD Service Area economy.

### Alumni impact

- Over the years, students have studied at Palomar CCD and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Palomar CCD Service Area.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$770.9 million** in added income during the analysis year.

## RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

### Student perspective

- Palomar CCD's FY 2014-15 students paid a total of **\$36.3 million** to cover the cost of tuition, fees, and supplies. They also forewent **\$189.5 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the district, students will receive a present value of **\$1.1 billion** in increased earnings over their working lives. This translates to a return of **\$4.90** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **20.0%**.

### Taxpayer perspective

- In FY 2014-15, state and local taxpayers in California paid **\$128 million** to support the operations of Palomar CCD. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$386.5 million** in benefits to taxpayers. Savings to the public sector add another **\$37.6 million** in benefits due to a reduced demand for government-funded services in California.
- Dividing benefits to taxpayers by the associated costs yields a **3.3** benefit-cost ratio, i.e., every \$1 in costs returns \$3.30 in benefits. The average annual return on investment for taxpayers is **9.5%**.

### Social perspective

- The economic base in California will grow by **\$5.5 billion** over the course of the students' working lives. Society will also benefit from **\$79.3 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on Palomar CCD educations during the analysis year, society will receive a cumulative value of **\$13.90** in benefits, for as long as the FY 2014-15 student population at Palomar CCD remains active in the state workforce.

