



# The Economic Value of Chabot-Las Positas Community College District



**C**HABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT (CLPCCD) 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 county, generating new dollars and opportunities for Alameda County. CLPCCD provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the colleges of the district are places for students to meet a diverse group of people, increase community involvement and leadership, and promote overall health and well-being.

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

This study measures the economic impacts created by CLPCCD 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:

 **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 Alameda 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.



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

# Economic impact analysis



CLPCCD promotes economic growth in Alameda County through its direct expenditures and the resulting expenditures of students and county businesses. The district serves as an employer and buyer of goods and services for its day-to-day operations and construction. The district's activities attract students from outside Alameda County, whose expenditures benefit county vendors. Chabot College and Las Positas College are primary sources of higher education to Alameda County residents and suppliers of an educated workforce to county industries, enhancing overall productivity in the county. In addition, the district's activities attract students from outside Alameda County, whose expenditures benefit county vendors.

## Operations spending impact



CLPCCD adds economic value to Alameda County as an employer of county residents and a large-scale buyer of goods and services. In FY 2022-23, the district employed 2,369\* full-time and part-time faculty and staff, 66% of whom lived in Alameda County. Total payroll at CLPCCD was \$183.9 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 \$56.8 million (excluding construction) on day-to-day expenses related to facilities, supplies, and professional services.

CLPCCD's day-to-day operations spending added \$219.0 million in income to the county during the analysis year. This figure represents the district's payroll, the multiplier effects generated by the in-county spending of the district and its employees, and a downward adjustment to account for funding the district received from county sources. The \$219 million in added income is equivalent to supporting 2,522 jobs in the county.

## Construction spending impact



CLPCCD invests in construction each year to maintain its facilities, create additional capacities, and meet 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, CLPCCD's construction spending generated \$58.9 million in added income, which is equivalent to supporting 456 jobs.

\* The number of full-time and part time faculty and staff includes professional experts, student workers, and temporary on call workers.

### Impacts created by CLPCCD in FY 2022-23



Operations spending impact

**\$219.0 million**

+



Construction spending impact

**\$58.9 million**

+



Student spending impact

**\$32.6 million**

+



Alumni impact

**\$490.7 million**



Total economic impact

**\$801.2 million**

OR

Jobs supported

**7,709**



## Student spending impact



Around 28% of students attending CLPCCD originated from outside the county in FY 2022-23, and some of these students relocated to Alameda County to attend CLPCCD. 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 Alameda County if not for the existence of CLPCCD. While attending the colleges, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$32.6 million in added income for the county economy in FY 2022-23, which supported 403 jobs in Alameda County.

## Alumni impact



The education and training CLPCCD provides for county residents has the greatest impact. Since the establishment of the colleges, students have studied at CLPCCD and entered the county workforce with greater knowledge and enhanced skills. Today, thousands of former CLPCCD students are employed in Alameda County. As a result of their education from CLPCCD, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, CLPCCD alumni generated \$490.7 million in added income for the county economy, which is equivalent to supporting 4,326 jobs.

## Total impact

CLPCCD added \$801.2 million in income to the Alameda 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 \$801.2 million impact was equal to approximately 0.5% of the total gross regional product (GRP) of Alameda County.

CLPCCD's total impact can also be expressed in terms of jobs supported. The \$801.2 million impact supported 7,709 county jobs, using the jobs-to-sales ratios specific to each industry in the county. In addition, the \$801.2 million, or 7,709 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of CLPCCD and its students and the activities of its alumni in the Professional & Technical Services industry sector supported 493 jobs in FY 2022-23. If the district did not exist, these impacts would not have been generated in Alameda County.

### CLPCCD impacts by industry (jobs supported)



CLPCCD's **\$801.2 million** impact supported **7,709 county jobs** and was equal to approximately 0.5% of Alameda County's GRP.



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates CLPCCD as an investment from the perspectives of students, taxpayers, and society in California. As with the economic impact analysis, this analysis considers only FY 2022-23 activities.

## Student perspective

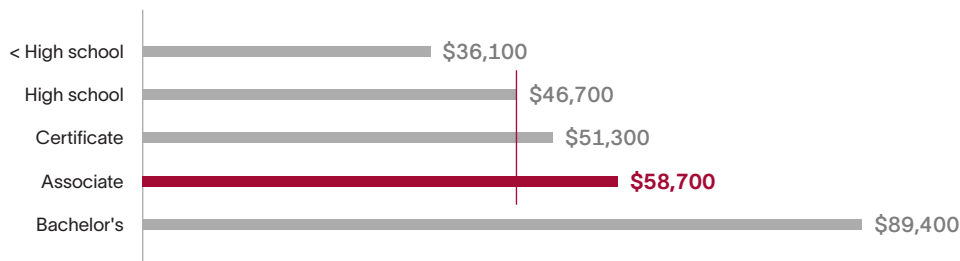


In FY 2022-23, CLPCCD served 25,624 students. In order to attend the colleges, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by CLPCCD's students in FY 2022-23 amounted to a present value of \$89.0 million, equal to \$25.4 million in out-of-pocket expenses (including future principal and interest on student loans) and \$63.6 million in forgone time and money.

In return for their investment, CLPCCD's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average CLPCCD associate degree graduate from FY 2022-23 will see annual earnings \$12,000 higher than a person with a high school diploma or equivalent working in California. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$492,000 in higher earnings per graduate. The present value of the cumulative higher future earnings CLPCCD's FY 2022-23 students will receive over their working careers is \$723.4 million.

For every dollar students invested in CLPCCD, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of **\$8.10** in higher future earnings.

The average associate degree graduate from CLPCCD will see an increase in earnings of **\$12,000** each year compared to a person with a high school diploma or equivalent working in California.



Source: Lightcast employment data.

The students' benefit-cost ratio is 8.1. In other words, for every dollar students invest in CLPCCD in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$8.10 in higher future earnings. Annually, the students' investment in CLPCCD has an average annual internal rate of return of 25.6%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

## Taxpayer perspective



CLPCCD generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes the state and local government will collect from the added revenue created in the state. As CLPCCD 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 \$297.7 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of CLPCCD students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Through gains in employability, the education CLPCCD students receive generates savings across public systems such as health care, the justice system, and income assistance.

Employed current and former CLPCCD students reduce demand on public systems and benefit taxpayers. Altogether, the present value of the benefits associated with an education from CLPCCD will generate \$27.8 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$325.5 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$261.9 million, equal to the amount of state and local government funding CLPCCD received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 1.2. This means for every dollar of public money invested in CLPCCD in FY 2022-23, taxpayers will receive a cumulative present value of \$1.20 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 1.9%, 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 CLPCCD 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 CLPCCD students. As discussed in the previous section, education is statistically

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



Average annual return for CLPCCD students

**25.6%**



Stock market 30-year average annual return

10.1%



Interest earned on savings account (national deposit rate)

0.5%

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

For every dollar of public money invested in CLPCCD, taxpayers will receive a cumulative value of **\$1.20** over the course of the students' working lives.

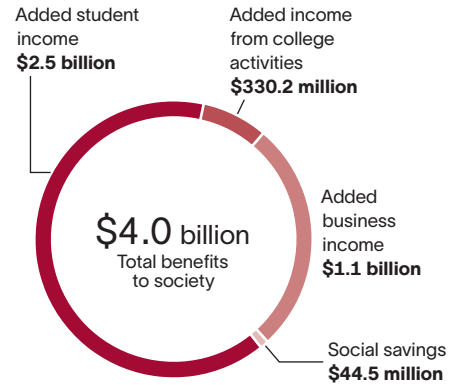


correlated with a variety of lifestyle changes that generate social savings. Note these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug 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.

Altogether, the social benefits of CLPCCD equal a present value of \$4.0 billion. These benefits include \$2.5 billion in added student income, \$1.1 billion in added business income, \$330.2 million in added income from district activities, as well as \$44.5 million in social savings related to health, the justice system, and income assistance in California. People in California invested a present value total of \$428.5 million in CLPCCD in FY 2022-23. The cost includes all the district's and student costs.

The benefit-cost ratio for society is 9.3, equal to the \$4.0 billion in benefits divided by the \$428.5 million in costs. In other words, for every dollar invested in CLPCCD, people in California will receive a cumulative value of \$9.30 in benefits. The benefits of this investment will occur for as long as CLPCCD's FY 2022-23 students remain employed in the state workforce.

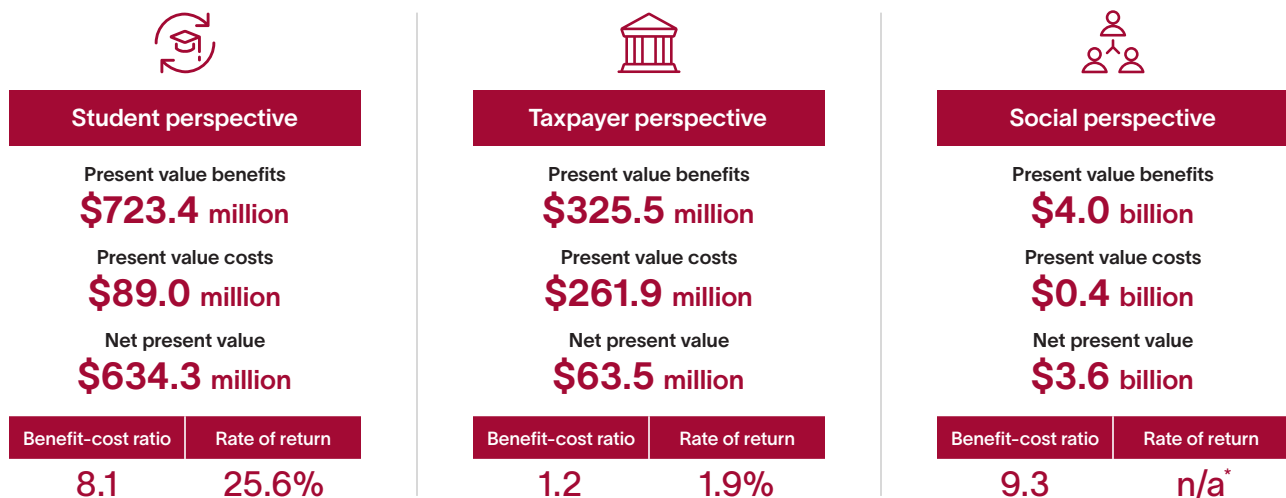
### Added income from CLPCCD's activities



Source: Lightcast impact model.

## Summary of investment analysis results

The results of the analysis demonstrate CLPCCD 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 CLPCCD. At the same time, taxpayers' investment in CLPCCD returns more to government budgets than it costs and creates a wide range of social benefits throughout California. For a list of study references, contact the district for a copy of the main report.



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

# Conclusion

The results of this study demonstrate CLPCCD creates value from multiple perspectives. The district benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. CLPCCD 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, CLPCCD 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 CLPCCD and the colleges, 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 CLPCCD 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.