

The Economic Value of the Contra Costa Community College District



The Contra Costa Community College District* (4CD) 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, 4CD added **\$2.3 billion** in income to the Contra Costa County economy, a value approximately equal to **2.6%** of the county's total gross regional product (GRP). Expressed in terms of jobs, 4CD's impact supported **23,752 jobs**. For perspective, the activities of the colleges and their students support **one out of every 25 jobs** in Contra Costa County.



Contra Costa County, California

* The Contra Costa College District consists of Contra Costa College, Diablo Valley College, Los Medanos College, and the Contra Costa College District Office.



Operations spending impact

- 4CD employed 3,724 full-time and part-time faculty and staff. Payroll amounted to \$231.8 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$139.2 million on expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the colleges' operations added **\$233.9 million** in income to the county economy in FY 2022-23.

Construction spending impact

- 4CD invests in construction each year to maintain facilities, create additional capacities, and meet growing educational demands, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of 4CD's **\$30.0 million** of construction spending in FY 2022-23 was **\$15.7 million** in added income for Contra Costa County.

Student spending impact

- Around 39% of students attending 4CD originated from outside the county. Some of these students relocated to Contra Costa County. In addition, some in-county students, referred to as retained students, would have left the county for other educational opportunities if not for 4CD. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at county businesses.
- The expenditures of relocated and retained students in FY 2022-23 added **\$224.8 million** in income to the Contra Costa County economy.

Alumni impact

- Over the years, students have studied at 4CD and entered or re-entered the workforce with newly acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Contra Costa County.
- The net impact of 4CD's former students currently employed in the county workforce amounted to **\$1.8 billion** in added income in FY 2022-23.

Investment analysis

Student perspective

- 4CD's FY 2022-23 students paid a present value of **\$48.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$96.6 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 **\$1.2 billion** in increased earnings over their working lives. This translates to a return of **\$8.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **23.1%**.

Impacts created by 4CD in FY 2022-23



Operations spending impact
\$233.9 million

+



Construction spending impact
\$15.7 million

+



Student spending impact
\$224.8 million

+



Alumni impact
\$1.8 billion



Total economic impact
\$2.3 billion

OR



Jobs supported
23,752

Students see a high rate of return for their investment in 4CD



Average annual return
for 4CD students
23.1%



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 4CD with **\$324.3 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 **\$569.9 million**. A reduced demand for government-funded services in California will add another **\$70.0 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$639.9 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in 4CD, taxpayers will receive **\$2.00** in return over the course of students' working lives. The average annual rate of return for taxpayers is **4.2%**.

Social perspective

- In FY 2022-23, California invested **\$521.8 million** to support 4CD. In turn, the California economy will grow by **\$7.4 billion**, over the course of students' working lives. Society will also benefit from **\$105.8 million** of public and private sector savings.
- For every dollar invested in 4CD in FY 2022-23, people in California will receive **\$14.40** in return, for as long as 4CD's FY 2022-23 students remain active in the state workforce.

For every \$1...



Students gain in lifetime earnings

\$8.40



Taxpayers gain in added tax revenue and public sector savings

\$2.00



Society gains in added income and social savings

\$14.40

