

DEMONSTRATING THE VALUE OF

Chabot-Las Positas Community College District

*Analysis of the economic impact and
return on investment of education*

FY 2013-14

Study components

ECONOMIC IMPACT

*on local business
community*

RETURN ON INVESTMENT

*to students, society,
and taxpayers*

ECONOMIC IMPACT ANALYSIS

Measures

impact of **OPERATIONS SPENDING**

impact of **STUDENT SPENDING**

impact of **ALUMNI**

ECONOMIC IMPACT ANALYSIS

Approach

- “ Calculate **initial sales** generated in region
- “ Derive sales created by **multiplier effects**
- “ Convert results to **income**

impact of **OPERATIONS SPENDING**

INITIAL EFFECT

Payroll of district

MULTIPLIER EFFECT

Income created by the
spending of the district
and its employees

\$145.1 million

impact of **STUDENT SPENDING**

INITIAL EFFECT

Income created by the
spending of out-of-region
students

MULTIPLIER EFFECT

Income created by the
spending of businesses
patronized by students

\$56.9 million

impact of **ALUMNI**

INITIAL EFFECT

Higher wages of former
students + increased output
of businesses

MULTIPLIER EFFECT

Income created by the
spending of students and
businesses

\$622.9 million

ECONOMIC IMPACT ANALYSIS

Results

ADDED INCOME IN REGION

Impact of operations spending	\$145.1 million
Impact of student spending	\$56.9 million
Impact of alumni	\$622.9 million
Total impact	\$825 million

INVESTMENT ANALYSIS

Measures

STUDENT *perspective*

SOCIAL *perspective*

TAXPAYER *perspective*

INVESTMENT ANALYSIS

Approach

- “ Calculate **benefits and costs** to stakeholders
- “ Derive the **future benefits stream**
- “ **Discount results** to current-year dollars
- “ Determine **net present value**,
benefit-cost ratio, and **rate of return**

STUDENT *perspective*

Benefits = Greater job opportunities + higher lifetime income

Costs = Tuition and fees + books and supplies + forgone time and money

Present value of benefits

\$768.4 million

Present value of costs

\$194.4 million

Net present value (benefits minus costs)

\$573.9 million

Benefit-cost ratio (benefits divided by costs)

4.0

Rate of return

15.0%

Benefits = Expanded economic base + savings related to improved health, reduced crime, and reduced unemployment

Costs = All district expenditures and all student expenditures and costs

Present value of benefits

\$5.4 billion

Present value of costs

\$348.8 million

Net present value (benefits minus costs)

\$5 billion

Benefit-cost ratio (benefits divided by costs)

15.4

TAXPAYER *perspective*

Benefits = Added tax revenues + reduced demand for government services

Costs = State and local government funding

Present value of benefits

\$466.8 million

Present value of costs

\$110.7 million

Net present value (benefits minus costs)

\$356.1 million

Benefit-cost ratio (benefits divided by costs)

4.2

Rate of return

12.4%

UNDERSTANDING THE RESULTS

Chabot-Las Positas Community College District

- “ Creates **new income** in the region
- “ Supports **local jobs**
- “ Sustains a **skilled workforce**
- “ Increases students’ **lifetime income**
- “ Expands the state’s **economic base**
- “ Improves **quality of life**

THE RESULTS OF THIS STUDY
WERE PREPARED BY



FOR A COPY OF THE REPORT, PLEASE CONTACT THE DISTRICT.