Santiago Canyon College (SCC) 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) 2016-17.

### Impact on the Business Community

During the analysis year, SCC and its students added **$346.2 million** in income to the Orange County economy in California, approximately equal to **0.1%** of the county's total gross regional product (GRP). SCC's impact supported **4,606** jobs in FY 2016-17. The economic impacts of SCC break down as follows:

#### Operations spending impact
- SCC employed 644 full-time and part-time employees in FY 2016-17. Payroll amounted to **$44.6 million**, much of which was spent in Orange County to purchase groceries, clothing, and other household goods and services. The college spent another **$27.1 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in Orange County during the analysis year was approximately **$71.7 million** in income.

#### Construction spending impact
- SCC commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of SCC's construction spending in FY 2016-17 was **$724.8 thousand** in added income for Orange County.

#### Student spending impact
- A number of students would have left the county if not for SCC. These retained students spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of retained students during the analysis year added approximately **$32.5 million** in income to the Orange County economy.

### Impacts Created by SCC in FY 2016-17

<table>
<thead>
<tr>
<th>Added Income</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$71.7 million</strong></td>
<td><strong>929</strong></td>
</tr>
<tr>
<td>Operations spending impact</td>
<td></td>
</tr>
<tr>
<td><strong>$724.8 thousand</strong></td>
<td><strong>7</strong></td>
</tr>
<tr>
<td>Construction spending impact</td>
<td></td>
</tr>
<tr>
<td><strong>$32.5 million</strong></td>
<td><strong>548</strong></td>
</tr>
<tr>
<td>Student spending impact</td>
<td></td>
</tr>
<tr>
<td><strong>$241.3 million</strong></td>
<td><strong>3,122</strong></td>
</tr>
<tr>
<td>Alumni impact</td>
<td></td>
</tr>
<tr>
<td><strong>$346.2 million</strong></td>
<td><strong>4,606</strong></td>
</tr>
<tr>
<td>Total impact</td>
<td></td>
</tr>
</tbody>
</table>
Alumni impact

- Over the years, students have studied at SCC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Orange County.
- The impact of former students currently employed in the county workforce amounted to **$241.3 million** in added income during the analysis year.

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

### Student perspective

- SCC’s FY 2016-17 students paid a total present value of **$13.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **$81.3 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **$348.3 million** in increased earnings over their working lives. This translates to a return of **$3.70** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **13.2%**.

### Taxpayer perspective

- In FY 2016-17, state and local taxpayers in California paid **$66.1 million** to support the operations of SCC. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to **$188.5 million** in benefits to taxpayers. Savings to the public sector add another **$24.3 million** in benefits due to a reduced demand for government-funded services in California.
- Dividing benefits to taxpayers by the associated costs yields a **3.2** benefit-cost ratio, i.e., every dollar in costs returns **$3.20** in benefits. The average annual return on investment for taxpayers is **8.9%**.

### Social perspective

- The economic base in California will grow by **$2.6 billion** over the course of the students’ working lives. Society will also benefit from **$44.9 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 SCC FY 2016-17 educations, society will receive a cumulative value of **$16.10** in benefits, for as long as the FY 2016-17 student population at SCC remains active in the state workforce.

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### For every $1 spent by...

#### STUDENTS

- **$3.70** Gained in lifetime earnings for STUDENTS

#### TAXPAYERS

- **$3.20** Gained in added taxes and public sector savings for TAXPAYERS

#### SOCIETY

- **$16.10** Gained in added state revenue and social savings for SOCIETY

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### student rate of return

- **13.2%** Average Annual Return for SCC Students
- **10.1%** Stock Market 30-year Average Annual Return*
- **0.8%** Interest Earned on Savings Account (National Rate Cap)**

**FDIC.gov, 7-2017.