

The Economic Value of Career and Technical Education at San Diego & Imperial Counties Community Colleges



Career and Technical Education¹ (CTE) at San Diego & Imperial Counties Community Colleges² (SDICCC) 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) 2019-20.



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, SDICCC's CTE added **\$2.8 billion** in income to the San Diego County economy, a value approximately equal to **1.1%** of the county's total gross regional product (GRP). Expressed in terms of jobs, SDICCC's CTE impact supported **33,145 jobs**.

- 1 Career and Technical Education (CTE) is defined at the course level and includes courses coded A-C (Apprenticeship, Advanced Occupational, and Clearly Occupational).
- 2 San Diego & Imperial Counties Community Colleges consist of San Diego City College, San Diego College of Continuing Education, Cuyamaca College, Grossmont College, San Diego Mesa College, MiraCosta College, San Diego Miramar College, Palomar College, and Southwestern College. Though also part of SDICCC, Imperial Valley College is not included in this analysis.

OPERATIONS SPENDING IMPACT

- SDICCC employed 4,399 full-time and part-time CTE faculty and staff.³ Payroll amounted to \$298.2 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges' CTE spent another \$160 million on day-to-day expenses related to facilities, supplies, and professional services.⁴
- The net impact of the colleges' CTE operations spending added **\$416.6 million** in income to the county economy in FY 2019-20.

CONSTRUCTION SPENDING IMPACT

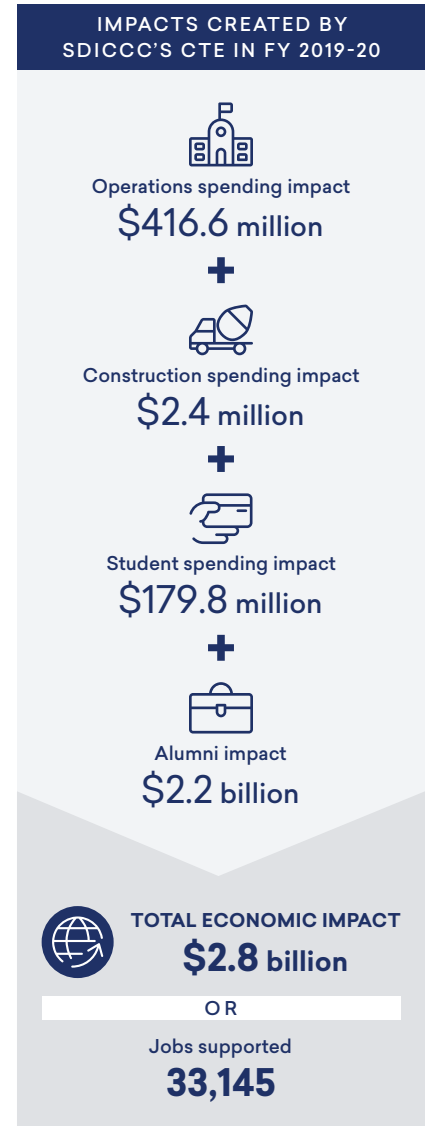
- SDICCC invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the county economy.⁵
- The net impact of SDICCC's CTE construction spending in FY 2019-20 was **\$2.4 million** in added income for San Diego County.

STUDENT SPENDING IMPACT

- Around 8% of CTE students attending the colleges originated from outside the county. Some of these students relocated to San Diego County. In addition, some in-county CTE students, referred to as retained students, would have left San Diego County for other educational opportunities if not for SDICCC's CTE. 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 CTE students in FY 2019-20 added **\$179.8 million** in income to the San Diego County economy.

ALUMNI IMPACT

- Over the years, students have enrolled in SDICCC's CTE and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in San Diego County.
- The net impact of SDICCC's former CTE students currently employed in the county workforce amounted to **\$2.2 billion** in added income in FY 2019-20.



³ Due to data limitations, the number of faculty and staff was estimated using a proportion based on CTE headcount.

⁴ Due to data limitations, revenue and expenditure data are estimated using a proportion based on CTE headcount.

⁵ Due to data limitations, construction expenditure data were estimated using a proportion based on CTE headcount.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- SDICCC's FY 2019-20 CTE students paid a present value of **\$102.3 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$346.3 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, CTE students will receive a cumulative present value **\$2.5 billion** in increased earnings over their working lives. This translates to a return of **\$5.60** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.2%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided SDICCC's CTE with **\$378 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from CTE students' higher lifetime earnings and increased business output, amounting to **\$906.1 million**. A reduced demand for government-funded services in California will add another **\$98 million** in benefits to taxpayers.
- For every dollar of public money invested in SDICCC's CTE, taxpayers will receive **\$2.70** in return, over the course of CTE students' working lives. The average annual rate of return for taxpayers is **7.0%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, California invested **\$884.1 million** to support SDICCC's CTE. In turn, the California economy will grow by **\$12.1 billion**, over the course of CTE students' working lives. Society will also benefit from **\$152 million** of public and private sector savings.
- For every dollar invested in SDICCC's CTE in FY 2019-20, people in California will receive **\$13.80** in return, for as long as the colleges' FY 2019-20 CTE students remain active in the state workforce.

CTE STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN SDICCC



Average annual return for SDICCC CTE students

21.2%



Stock market 30-year average annual return

10.6%



Interest earned on savings account (National Rate Cap)

0.8%

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

For every \$1...



Students gain in lifetime earnings

\$5.60



Taxpayers gain in added tax revenue and public sector savings

\$2.70



Society gains in added income and social savings

\$13.80