

# The Economic Value of the Rancho Santiago Community College District





## THE RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

(RSCCD)—comprised of Santa Ana College and Santiago College—creates value in many ways. The colleges play 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 Orange County. RSCCD provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, RSCCD is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

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

This study measures the economic impacts created by RSCCD on the business community and the benefits the colleges generate in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:



Orange County,  
California

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**county economy.**



### Economic impact analysis



### Investment analysis

All results reflect employee, student, and financial data, provided by the colleges, for fiscal year (FY) 2023-24. Impacts on the Orange 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.

# Economic impact analysis



RSCCD promotes economic growth in Orange 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 and construction operations. The colleges' activities attract students from outside Orange County, whose expenditures benefit county vendors. In addition, RSCCD is one of the primary sources of higher education to Orange County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

## Operations spending impact



RSCCD adds economic value to Orange County as an employer of county residents and a large-scale buyer of goods and services. In FY 2023-24, the colleges employed 3,538 full-time and part-time faculty and staff, 72% of whom lived in Orange County. Total payroll at RSCCD was \$240.7 million, much of which was spent in the county on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the colleges spent \$115.6 million on expenses related to facilities, supplies, and professional services (excluding construction).

RSCCD's operations spending added \$323.8 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 colleges and its employees, and a downward adjustment to account for funding that the colleges received from county sources. The **\$323.8 million** in added income is equivalent to supporting **3,906 jobs** in the county.

## Construction spending impact



RSCCD invests in capital projects each year to maintain its facilities, create additional capacities, and meet its 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 2023-24, RSCCD's construction spending generated **\$8.6 million** in added income, which is equivalent to supporting **73 jobs**.

### Impacts created by RSCCD in FY 2023-24



Operations spending impact

**\$323.8 million**

+



Construction spending impact

**\$8.6 million**

+



Student spending impact

**\$169.5 million**

+



Alumni impact

**\$1.9 billion**



Total economic impact

**\$2.4 billion**

OR



Jobs supported

**25,305**

## Student spending impact



Around 23% of RSCCD students originated from outside the county in FY 2023-24, and some of these students relocated to Orange County to attend RSCCD. 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 Orange County if not for the existence of RSCCD. While attending the colleges, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated **\$169.5 million** in added income for the county economy in FY 2023-24, which supported **2,319 jobs** in Orange County.

## Alumni impact



The education and training RSCCD provides for county residents has the greatest impact. Since the establishment of the colleges, students have studied at RSCCD and entered the county workforce with greater knowledge and new skills. Today, hundreds of thousands of former RSCCD students are employed in Orange County. As a result of their education from RSCCD, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, RSCCD alumni generated **\$1.9 billion** in added income for the county economy, which is equivalent to supporting **19,007 jobs**.

## Total impact

RSCCD added \$2.4 billion in income to the Orange 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 **\$2.4 billion** impact was equal to approximately **0.8%** of the total gross regional product (GRP) of Orange County. This contribution that the colleges provided on their own is as large as half of the entire Transportation & Warehousing industry in the county.

RSCCD's total impact can also be expressed in terms of jobs supported. The **\$2.4 billion** impact supported **25,305 county jobs**, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 96 jobs in Orange County is supported by the activities of RSCCD and its students. In addition, the \$2.4 billion, or 25,305 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of RSCCD and its students and the activities of its alumni in the Professional & Technical Services industry sector supported 2,534 jobs in FY 2023-24. If the colleges did not exist, these impacts would not have been generated in Orange County.

### RSCCD impact by industry (jobs supported)



2,534

Professional & Technical Services



2,497

Health Care & Social Assistance



2,474

Retail Trade



2,109

Other Services (except Public Admin)



1,886

Accommodation & Food Services

**One out of every 96 jobs** in Orange County is supported by the activities of RSCCD and its students.



# Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates RSCCD as an investment from the perspectives of students, taxpayers, and society in California. As with the economic impact analysis, this analysis considers only FY 2023-24 activities.

## Student perspective



In FY 2023-24, RSCCD served 62,318 credit and 33,053 non-credit 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 RSCCD's students in FY 2023-24 amounted to a present value of \$192.0 million, equal to \$34.1 million in out-of-pocket expenses (including future principal and interest on student loans) and \$157.9 million in forgone time and money.

In return for their investment, RSCCD's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average RSCCD associate degree graduate from FY 2023-24 will see annual earnings that are \$10,800 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 \$388,800 in higher earnings per graduate. The present value of the cumulative higher future earnings that RSCCD's FY 2023-24 students will receive over their working careers is \$1.2 billion.

The students' benefit-cost ratio is 6.3. In other words, for every dollar students invest in RSCCD in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$6.30 in higher future earnings. Annually, the students' investment in RSCCD has an average annual internal rate of return of 24.4%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

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



Average annual return for RSCCD students  
**24.4%**



Stock market 30-year average annual return  
**10.1%**

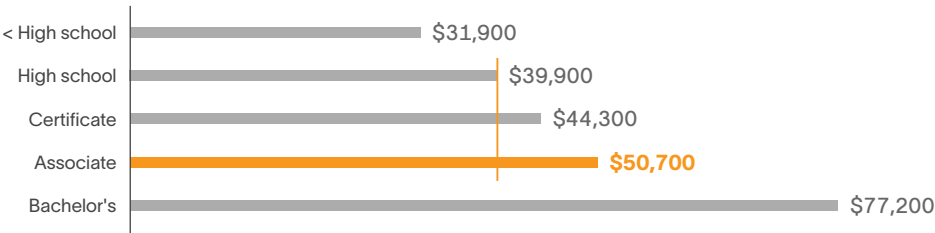


Interest earned on savings account (national deposit rate)  
**0.5%**

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023.

### Average earnings by education level at career midpoint

The average associate degree graduate from RSCCD will see an increase in earnings of **\$10,800** each year compared to a person with a high school diploma or equivalent working in California.



Source: Lightcast employment data



## Taxpayer perspective



RSCCD generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As RSCCD 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 2023-24 students' working lives, the state and local government will have collected a present value of \$567.6 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of RSCCD students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that RSCCD students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. RSCCD students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the colleges for a copy of the main report. Altogether, the present value of the benefits associated with an education from RSCCD will generate \$100.1 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$667.7 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$377.8 million, equal to the amount of state and local government funding RSCCD received in FY 2023-24. These benefits and costs yield a benefit-cost ratio of 1.8. This means that for every dollar of public money invested in RSCCD in FY 2023-24, taxpayers will receive a cumulative present value of \$1.80 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 4.5%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in RSCCD, taxpayers will receive a cumulative value of **\$1.80** over the course of the students' working lives.

## Social perspective



Society as a whole in California benefits from the presence of RSCCD 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 RSCCD students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that 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, obesity, substance 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. For a list of study references, contact the colleges for a copy of the main report.

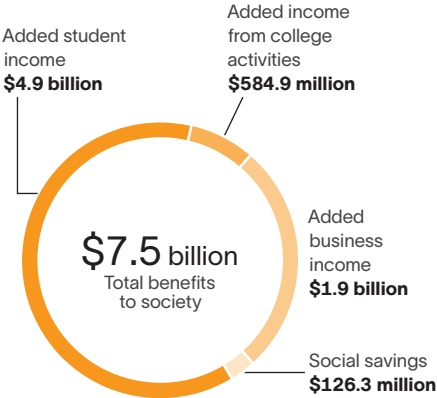
Altogether, the social benefits of RSCCD equal a present value of \$7.5 billion. These benefits include \$4.9 billion in added student income, \$1.9 billion in added business income, \$584.9 million in added income from the colleges' activities, as well as \$126.3 million in social savings related to health, the justice system, and income assistance in California. People in California invested a present value total of \$548.4 million in RSCCD in FY 2023-24. The cost includes all the colleges and students' costs.

The benefit-cost ratio for society is 13.8, equal to the \$7.5 billion in benefits divided by the \$548.4 million in costs. In other words, for every dollar invested in RSCCD, people in California will receive a cumulative value of \$13.80 in benefits. The benefits of this investment will occur for as long as RSCCD's FY 2023-24 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that RSCCD 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 RSCCD. At the same time, taxpayers' investment in RSCCD returns more to government budgets than it costs and creates a wide range of social benefits throughout California.

Social benefits in California from RSCCD



Source: Lightcast impact model

Summary of investment analysis results

Student perspective		Taxpayer perspective		Social perspective	
Present value benefits \$1.2 billion		Present value benefits \$667.7 million		Present value benefits \$7.5 billion	
Present value costs \$0.2 billion		Present value costs \$377.8 million		Present value costs \$0.5 billion	
Net present value \$1.0 billion		Net present value \$289.8 million		Net present value \$7.0 billion	
Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
6.3	24.4%	1.8	4.5%	13.8	n/a*

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

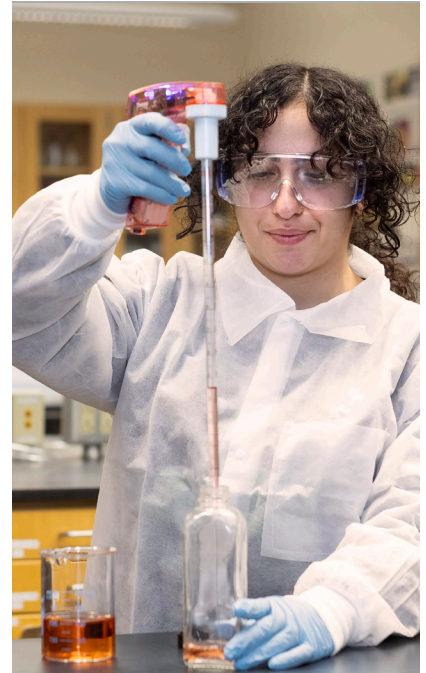
# Conclusion

*The results of this study demonstrate that RSCCD creates value from **multiple perspectives**.*

The colleges benefit county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. RSCCD enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The colleges benefit state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, RSCCD 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 2023-24 academic and financial reports from RSCCD, 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 colleges for a copy of the main report.



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.