



Orange County Community Colleges Legislative Task Force

Advocates for Orange County's Community College Students

North Orange County Community College District
Coast Community College District
South Orange County Community College District
Rancho Santiago Community College District

Orange County's Community Colleges Propel Local Economic Growth, Provide Key Benefits to Taxpayers and are Essential to Student Prosperity

Orange County's community colleges are an integral economic engine vital to the well-being of the region and state. Even as the state's struggling economy and concurrent budget shortfall have led to drastic cutbacks in spending and services, the colleges have continued to touch every aspect of life in Orange County, enriching the lives and earning power of students while helping to drive the economy toward recovery.

According to the Orange County Business Council (OCBC) study, ***The Socioeconomic Benefits Generated by Orange County's Community Colleges***, these academic institutions provide benefits to communities, taxpayers, and students that far exceed the institutions' costs of operation.

The study finds that Orange County's community colleges play a significant role in fueling the state and local economy, leveraging taxpayer dollars, generating a return on investment, and increasing students' earning potential.

OCBC's study also reveals significant regional economic benefits beyond what students gain individually from their education. If the colleges did not exist, taxes would have to be raised to cover the costs of economic, quality-of-life and social benefits the colleges now provide to the community.

Orange County's community colleges **maximize the impact of every taxpayer dollar**. The workforce benefits from **newly skilled college-trained workers who earn more--due to their education--**than their non-college educated counterparts. Consequently, their **employers become more profitable** because of skilled services rendered, resulting in more efficient **return on investment** for property owners, increased regional tax revenues, and increased labor and non-labor incomes.

Investment and Economic Growth Benefits

From an **investment perspective**, both Orange County community college students and taxpayers are winners:

- Graduates with Associate's degrees **earn over \$11,000 more per year and nearly \$387,000 more during a working lifetime** than workers with high school diplomas, and almost \$20,000 more annually than workers without a high school diploma.
- **Students receive a 17.4% return on their investment of time and money**, well above the current <1% of standard bank savings accounts or 8% to 10% long-term average of U.S. stocks and bonds.
- **Taxpayers receive a 14.7% return on their investment**, well above the 4% normally received from government organizations. This indicates that community colleges generate a significant surplus in the economy and those returns fund other state and local programs.
- **Taxpayers will see a return on investment of \$4.78 for every dollar** appropriated by the state and local government.

From a **regional economic growth perspective**, the value of Orange County's community colleges account for over **\$9 billion** in combined economic activity, higher earnings, increased spending, and public benefits:

- Community colleges operate 11 facilities, making them the **fourth largest employer** in the county.
- **Community colleges directly employ over 8,500 faculty and staff**; the total effect of their operations is the employment of **14,766 individuals**.
- Operations **enhance the regional economy by over \$1.6 billion** annually.
- **Construction programs will generate approximately \$2 billion** in regional economic impact over the next 10 years.

Community Colleges Significantly Benefit Students' Future Career Earning Potential

The total impact that instruction has on student earnings over an estimated 35-year career is estimated to be **over \$24 billion**, with a net present value of almost **\$9 billion**.

Orange County community colleges **graduate thousands of students annually** who transfer to the University of California, California State University systems, and private education institutions.

Additionally, **over 41,000 students are taking career technical education courses** to prepare them for Orange County's immediate workforce needs as nurses, firefighters, police officers and emergency medical technicians.

The positive economic impact and return on investment of a community college education verify that its funding is a worthy investment for state policymakers. The data demonstrate that the **return on investment to students surpasses any other chosen career investment-making pathway**. Furthermore, the assets taxpayers entrust to state and local governments for capitalization at the colleges are returned over and above the budgeted expenses through **increased income, personal and business tax receipts, and social welfare savings**. If state funding appropriations ceased, those economic benefits would be threatened and the colleges would be forced to consider **increases in local fees and taxes** to ensure continuity. Indeed, they are now doing so.

Student and Community Benefits by Credit Hour

For students, **annual average income, after taxes, increases roughly \$70** for each credit hour of instruction.

For communities, **annual income and quality-of-life improvements increase about \$135** for each credit hour of instruction.



The social benefits to the state as a result of the education that the community colleges provide are noteworthy. These benefits consist of **reductions in social/protective services spending** provided by the state and improved work-related health because attendees of the colleges become **productive citizens in the workforce**. The indicators of these benefits are improvement in workplace health, crime mitigation, and welfare/unemployment savings.

Quality of Life Benefits

Research that demonstrates a correlation between higher education and quality-of-life benefits, applied in the Orange County community college districts, produces annual savings of almost \$70 million in avoided costs:

- **Students' improved health and lifestyle habits save about \$27 million** through lower absenteeism from work, reduced smoking, and reduced alcohol abuse.
- **Lower crime among students saves approximately \$30 million** through fewer incarcerations, less negative impact on productivity due to incarcerations, and fewer costs incurred by victims of crime.
- Lower incidences of welfare and unemployment **save \$12 million**.

College Profile Information

In fiscal year 2011-2012, the base year of the study, the four Orange County community college districts represented:

- Nine community colleges and one school of continuing education
- Total student enrollment of 301,689
- 8,554 total faculty and staff
- Payrolls totaling \$628.6 million
- Budgets totaling \$957.2 million
- Private funding sources totaling approximately 10% of budgets
- Public funding sources totaling approximately 90% of budgets

Communities Served

North Orange County Community College District - Anaheim, Brea, Buena Park, Cypress, Fullerton, Garden Grove, La Habra, La Habra Heights, La Mirada, La Palma, Los Alamitos, Orange, Placentia, Rossmoor, Seal Beach, Stanton, Whittier, and Yorba Linda.

Coast Community College District - Costa Mesa, Fountain Valley, Garden Grove, Huntington Beach, Midway City, Newport Beach, Seal Beach, and Westminster.

South Orange County Community College District - Aliso Viejo, Capistrano Beach, Coto de Caza, Dana Point, Dove Canyon, East Santa Ana, Emerald Bay, Foothill Ranch, Irvine, Laguna Beach, Laguna Hills, Laguna Niguel, Lake Forest, Laguna Woods, Ladera Ranch, Las Flores, Mission Viejo, Portola Hills, Rancho Santa Margarita, San Clemente, San Juan Capistrano, Trabuco Canyon, Trabuco Highlands, and Tustin.

Rancho Santiago Community College District - Anaheim Hills, Garden Grove, Irvine, Orange, Santa Ana, Tustin, and Villa Park.

Note that some district boundaries run through some communities and thus those communities may be served by more than one district.

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