

FACT SHEET

The Economic Value of Los Medanos College on East Contra Costa County

Los Medanos College (LMC) 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.

IMPACTS CREATED BY LMC IN FY 2016-17

ADDED INCOME	JOBS
Operations spending impact	
\$52.4 million	1,309
East Contra Costa County	
\$68.8 million	1,470
Contra Costa County	
Student spending impact	
\$6.3 million	43
East Contra Costa County	
\$9.7 million	87
Contra Costa County	
Alumni impact	
\$290.5 million	2,927
East Contra Costa County	
\$391 million	4,554
Contra Costa County	
Total impact	
\$349.3 million	4,279
East Contra Costa County	
\$469.5 million	6,111
Contra Costa County	

IMPACT ON THE BUSINESS COMMUNITY

During the analysis year, LMC and its students added **\$349.3 million** in income to the East Contra Costa County economy, approximately equal to **2.5%** of the region’s total gross regional product (GRP). LMC’s impact supported **4,279** jobs in FY 2016-17. For perspective, this means that one out of every **21** jobs in East Contra Costa County is supported by the activities of LMC and its students. The economic impacts of LMC break down as follows:

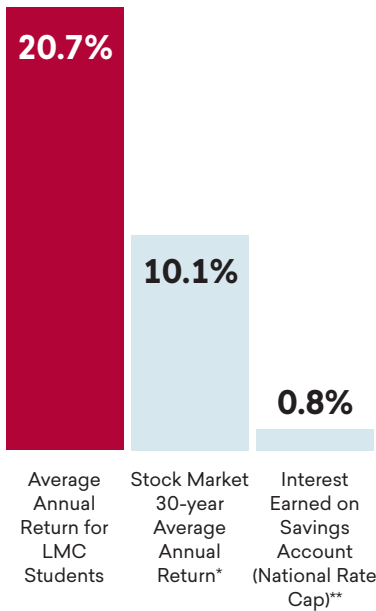
Operations spending impact

- LMC employed 1,234 full-time and part-time employees in FY 2016-17. Payroll amounted to \$47.8 million, much of which was spent in East Contra Costa County to purchase groceries, clothing, and other household goods and services. The college spent another \$36.6 million to support its day-to-day operations.
- The net impact of college payroll and expenses in East Contra Costa County during the analysis year was approximately **\$52.4 million** in income.

Student spending impact

- A number of students would have left the region if not for LMC. These retained students spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of retained students during the analysis year added approximately **\$6.3 million** in income to the East Contra Costa County economy.

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

Alumni impact

- Over the years, students have studied at LMC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in East Contra Costa County.
- The impact of former students currently employed in the regional workforce amounted to **\$290.5 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- LMC's FY 2016-17 students paid a total present value of **\$11.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$34.7 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 **\$346.7 million** in increased earnings over their working lives. This translates to a return of **\$7.50** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **20.7%**.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in California paid **\$54.3 million** to support the operations of LMC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$175.6 million** in benefits to taxpayers. Savings to the public sector add another **\$11.7 million** in benefits due to a reduced demand for government-funded services in California.
- Dividing benefits to taxpayers by the associated costs yields a 3.5 benefit-cost ratio, i.e., every dollar in costs returns **\$3.50** in benefits. The average annual return on investment for taxpayers is **8.5%**.

Social perspective

- The economic base in California will grow by **\$2.3 billion** over the course of the students' working lives. Society will also benefit from **\$31.9 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 LMC FY 2016-17 educations, society will receive a cumulative value of **\$18.70** in benefits, for as long as the FY 2016-17 student population at LMC remains active in the state workforce.

