

The Economic Value of Pasadena City College

COVID-19 disclaimer: The data used to generate the findings within this report reflect extraordinary circumstances caused by the national COVID-19 Pandemic. From a financial perspective, the colleges may have seen an increase in expenditures related to quickly transitioning to online or hybrid education and spending on equipment and staff related to the health and welfare of faculty and students. One-time funding may have been received by the colleges through the CARES Act which included the Higher Education Emergency Relief Fund grant. Additionally, students were directly impacted over this period. Rapid changes in the modality of the colleges' programs can have an impact on students' persistence and completion rates. Changes in income and employment can have adverse effects on a student's ability to maintain enrollment or their choice to enroll in college. Childcare availability, health, and safety considerations may have also had adverse effects on enrollment. Lastly, a number of economic indicators used within this report may be reflective of broader changes to the economy during this time, such as unemployment rates and changes in wages.



The Pasadena Area Community College District (PACCD), California

Pasadena City College (PCC) 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) 2021-22.

Economic impact analysis

In FY 2021-22, PCC added **\$679.9 million** in income to the Pasadena Area Community College District (PACCD)* economy, a value approximately equal to **1.7%** of the region's total gross regional product (GRP). Expressed in terms of jobs, PCC's impact supported **6,995 jobs**. For perspective, the activities of PCC and its students support **one out of every 50 jobs** in the PACCD.

Operations spending impact

- PCC employed 1,390 full-time and part-time faculty and staff. Payroll amounted to \$157.8 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$133.3 million (excluding construction) on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$177.5 million** in income to the regional economy in FY 2021-22.

Construction spending impact

- PCC 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 regional economy.
- The net impact of PCC's construction spending in FY 2021-22 was **\$2.8 million** in added income for the PACCD.

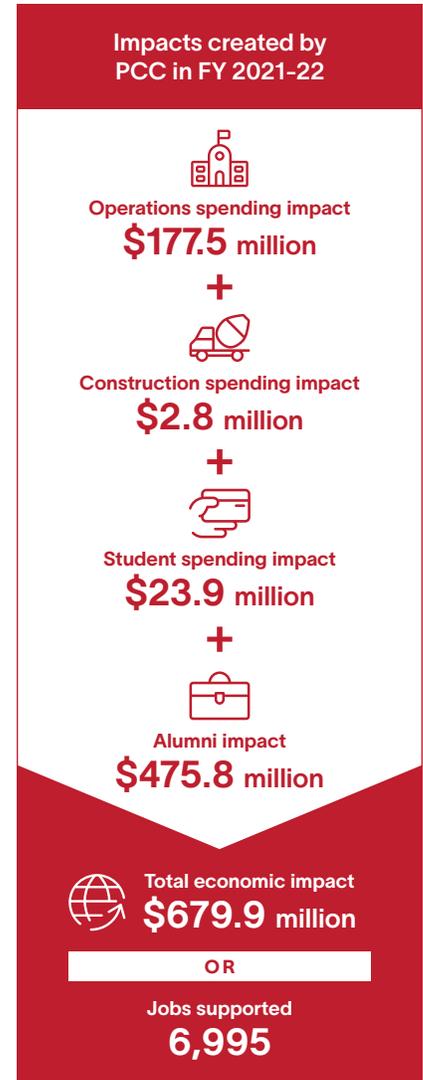
Student spending impact

- Around 67% of students attending PCC originated from outside the region. Some of these students relocated to the PACCD. In addition, some in-region students, referred to as retained students, would have left the PACCD for other educational opportunities if not for PCC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2021-22 added **\$23.9 million** in income to the PACCD economy.

Alumni impact

- Over the years, students have studied at PCC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the PACCD.
- The net impact of PCC's former students currently employed in the regional workforce amounted to **\$475.8 million** in added income in FY 2021-22.

* For the purposes of this analysis, the Pasadena Area Community College District (PACCD) is comprised of the following ZIP Codes in Los Angeles County: 91001, 91006, 91007, 91731, 91011, 91103, 91105, 91101, 91104, 91106, 91107, 91770, 91108, 91024, 91030, and 91780.



Investment analysis

Student perspective

- PCC's FY 2021-22 students paid a present value of **\$31.5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$67 million** in time and in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$644.7 million** in increased earnings over their working lives. This translates to a return of **\$6.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.9%**.

Taxpayer perspective

- Taxpayers provided PCC with **\$215.1 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$234.9 million**. A reduced demand for government-funded services in California will add another **\$32.5 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$267.4 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in PCC, taxpayers will receive **\$1.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **1.4%**.

Social perspective

- In FY 2021-22, California invested **\$391.0 million** to support PCC. In turn, the California economy will grow by **\$3.3 billion**, over the course of students' working lives. Society will also benefit from **\$49.4 million** of public and private sector savings.
- For every dollar invested in PCC in FY 2021-22, people in California will receive **\$8.60** in return, for as long as PCC's FY 2021-22 students remain active in the state workforce.

Students see a high rate of return for their investment in PCC



Average annual return for PCC students

21.9%



Stock market 30-year average annual return

9.6%



Interest earned on savings account (national deposit cap)

0.4%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

For every \$1...



Students gain in lifetime earnings
\$6.50



Taxpayers gain in added tax revenue and public sector savings
\$1.20



Society gains in added income and social savings
\$8.60

