The California Community College System 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) 2018-19.

**ECONOMIC IMPACT ANALYSIS**

In FY 2018-19, California’s Community Colleges added $128.2 billion in income to the California economy, a value approximately equal to 4.2% of the state’s total gross state product (GSP). Expressed in terms of jobs, California’s Community Colleges’ impact supported 1.5 million jobs. For perspective, the activities of the colleges and their students support one out of every 16 jobs in California.

**OPERATIONS SPENDING IMPACT**

- California’s Community Colleges employed 91,328 full-time and part-time faculty and staff. Payroll amounted to $8.5 billion, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another $4.2 billion on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the colleges’ operations spending added $11 billion in income to the state economy in FY 2018-19.

**CONSTRUCTION SPENDING IMPACT**

- California’s Community Colleges invest in construction each year to maintain their facilities, create additional capacities, and meet their growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of California’s Community Colleges’ construction spending in FY 2018-19 was $13.6 million in added income for California.

**STUDENT SPENDING IMPACT**

- Around 6% of students attending California’s Community Colleges originated from outside the state. Some of these students relocated to California.

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*The California Community College System consists of the 116 public community colleges in California.*
addition, some in-state students, referred to as retained students, would have left California for other educational opportunities if not for California’s Community Colleges. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.

- The expenditures of relocated and retained students in FY 2018-19 added $8.2 billion in income to the California economy.

ALUMNI IMPACT

- Over the years, students have studied at California’s Community Colleges and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in California.
- The net impact of California’s Community Colleges’ former students currently employed in the state workforce amounted to $109 billion in added income in FY 2018-19.

INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- California’s Community Colleges’ FY 2018-19 students paid a present value of $2.6 billion to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent $8.3 billion 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 $54.4 billion in increased earnings over their working lives. This translates to a return of $5.00 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 19.6%.

TAXPAYER PERSPECTIVE

- Taxpayers provided California’s Community Colleges with $10.1 billion of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $19.4 billion. A reduced demand for government-funded services in California will add another $2.1 billion in benefits to taxpayers.
- For every dollar of public money invested in California’s Community Colleges, taxpayers will receive $2.10 in return over the course of students’ working lives. The average annual rate of return for taxpayers is 5.4%.

SOCIAL PERSPECTIVE

- In FY 2018-19, California invested $22.8 billion to support California’s Community Colleges. In turn, the California economy will grow by $262.5 billion over the course of students’ working lives. Society will also benefit from $3.3 billion of public and private sector savings.
- For every dollar invested in California’s Community Colleges in FY 2018-19, people in California will receive $11.70 in return, for as long as California’s Community Colleges’ FY 2018-19 students remain active in the state workforce.