



The Economic Value of Pasadena City College FACT SHEET

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) 2018-19.



Economic impact analysis

In FY 2018-19, PCC added **\$601.4 million** in income to the Pasadena Area Community College District (PACCD)* economy, a value approximately equal to **1.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, PCC's impact supported **5,964 jobs**. For perspective, the activities of PCC and its students support **one out of every 54 jobs** in the PACCD.

OPERATIONS SPENDING IMPACT

- PCC employed 1,528 full-time and part-time faculty and staff. Payroll amounted to \$162 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 \$85.8 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$177.2 million** in income to the regional economy in FY 2018-19.

STUDENT SPENDING IMPACT

- Around 65% 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.

* For the purposes of this analysis, the 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.

IMPACTS CREATED
BY PCC IN FY 2018-19



\$177.2 million
Operations Spending Impact



\$16.4 million
Student Spending Impact



\$407.8 million
Alumni Impact



\$601.4 million
TOTAL IMPACT

- OR -

5,964
JOBS SUPPORTED



- The expenditures of relocated and retained students in FY 2018-19 added **\$16.4 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 **\$407.8 million** in added income in FY 2018-19.



Investment analysis

STUDENT PERSPECTIVE

- PCC's FY 2018-19 students paid a present value of **\$58.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$167.2 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$954.5 million** in increased earnings over their working lives. This translates to a return of **\$4.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **17.4%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided PCC with **\$165.1 million** 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 **\$283.5 million**. A reduced demand for government-funded services in California will add another **\$43.7 million** in benefits to taxpayers.
- For every dollar of public money invested in PCC, taxpayers will receive **\$2.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **5.7%**.

SOCIAL PERSPECTIVE

- In FY 2018-19, California invested **\$447.1 million** to support PCC. In turn, the California economy will grow by **\$4.3 billion**, over the course of students' working lives. Society will also benefit from **\$72.3 million** of public and private sector savings.
- For every dollar invested in PCC in FY 2018-19, people in California will receive **\$9.80** in return, for as long as PCC's FY 2018-19 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN PCC



17.4%

Average annual return for PCC students



9.9%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



FOR EVERY \$1...



Students gain

\$4.20

in lifetime earnings



Taxpayers gain

\$2.00

in added tax revenue and public sector savings



Society gains

\$9.80

in added income and social savings

