

FACT SHEET

The Economic Value of College of the Desert

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The College of the Desert (COD) 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2013-14.

IMPACTS CREATED BY COD IN FY 2013-14

GDP	JOBS
\$50.5 MILLION Operations spending impact	805
\$9.2 MILLION Impact of student spending	184
\$243.1 MILLION Alumni impact	4,107
\$302.8 MILLION Total impact	5,096

IMPACT ON BUSINESS COMMUNITY

The region the college serves is defined as Riverside county; referred to as Coachella Valley. During the analysis year, COD and its students added **\$302.8 MILLION** in gross regional product (GRP) to the Coachella Valley economy, approximately equal to **0.5%** of the region's total GRP. By comparison, this impact from the college is nearly as large as the entire Business & Enterprise Management industry. The economic impacts of COD break down as follows:

Operations spending impact

- COD employed 655 full-time and part-time employees in FY 2013-14. Payroll amounted to **\$40.8 MILLION**, much of which was spent in the Coachella Valley to purchase groceries, clothing, and other household goods and services. The college spent another **\$48.7 MILLION** to support its day-to-day operations.
- The net impact of college payroll and expenses in the Coachella Valley during the analysis year was approximately **\$50.5 MILLION** in GRP.

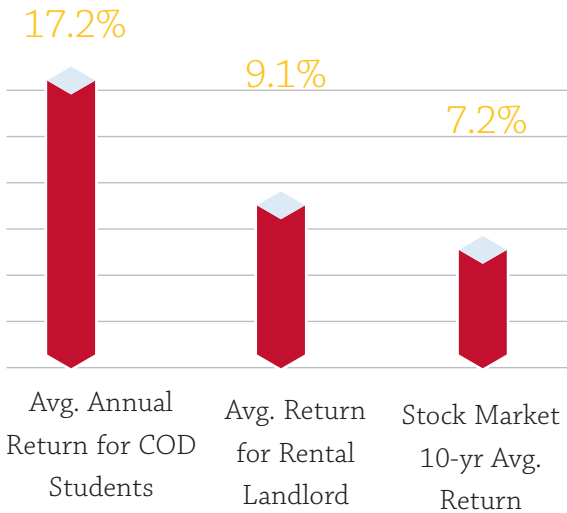
Impact of student spending

- Around 6% of students attending COD originated from outside the region. Some of these students relocated to the Coachella Valley. In addition, a number of students would have left the region if not for COD. These relocator and retained students spent money on groceries, transportation, rent, and so on at region businesses.
- The expenditures of relocator and retained students during the analysis year added approximately **\$9.2 MILLION** in GRP to the Coachella Valley economy.

Alumni impact

- Over the years, students have studied at COD and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Coachella Valley.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$243.1 MILLION** in GRP during the analysis year.

STUDENT RATE OF RETURN



*RealityTrac's Q3 2014
 *Forbes's S&P 500, 1994-2014.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- COD's FY 2013-14 students paid a total of **\$12.4 MILLION** to cover the cost of tuition, fees, and supplies. They also forwent **\$41.3 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 **\$243.4 MILLION** in increased earnings over their working lives. This translates to a return of **\$4.50** in higher future income for every \$1 that students invest in their education. The average annual return for students is **17.2%**.

Taxpayer perspective

- In FY 2013-14, state and local taxpayers in California paid **\$59.6 MILLION** to support the operations of COD. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$83.3 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$10.1 MILLION** in benefits due to a reduced demand for government-funded services in California.
- Dividing benefits to taxpayers by the associated costs yields a **1.6** benefit-cost ratio, i.e., every \$1 in costs returns \$1.60 in benefits. The average annual return on investment for taxpayers is **4.2%**.

Social perspective

- Society as a whole in California will receive a present value of **\$1.2 BILLION** in added state income over the course of the students' working lives. Society will also benefit from **\$22.1 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 COD educations during the analysis year, society will receive a cumulative value of **\$8.50** in benefits, for as long as the FY 2013-14 student population at COD remains active in the state workforce.

FOR EVERY \$1 SPENT BY...

STUDENTS	<p>\$4.50</p> <p>Gained in lifetime income for STUDENTS</p>
TAXPAYERS	<p>\$1.60</p> <p>Gained in added state income and social savings for TAXPAYERS</p>
SOCIETY	<p>\$8.50</p> <p>Gained in added taxes and public sector savings for SOCIETY</p>