

# DEMONSTRATING THE VALUE OF

## College of the Desert

*Analysis of the economic impact and  
return on investment of education*

## *Study components*

### **ECONOMIC IMPACT**

*on local business  
community*

### **RETURN ON INVESTMENT**

*to students, society,  
and taxpayers*

# ECONOMIC IMPACT ANALYSIS

*Measures*

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*impact of* **OPERATIONS SPENDING**

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*impact of* **STUDENT SPENDING**

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*impact of* **ALUMNI**

# ECONOMIC IMPACT ANALYSIS

*Approach*

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- Calculate **initial sales** generated in region
- Derive sales created by **multiplier effects**
- Convert results to **income**

impact of **OPERATIONS SPENDING**

**INITIAL EFFECT**

Payroll of college

**MULTIPLIER EFFECT**

Income created by the  
spending of the college  
and its employees

**\$50.5 million**

*impact of* **STUDENT SPENDING**

**INITIAL EFFECT**

Income created by the  
spending of out-of-region  
students

**MULTIPLIER EFFECT**

Income created by the  
spending of businesses  
patronized by students

**\$9.2 million**

**INITIAL EFFECT**

Higher wages of former  
students + increased output  
of businesses

**MULTIPLIER EFFECT**

Income created by the  
spending of students and  
businesses

**\$243.1 million**

# ECONOMIC IMPACT ANALYSIS

*Results*

## ADDED INCOME IN REGION

Impact of operations spending	<b>\$50.5 million</b>
Impact of student spending	<b>\$9.2 million</b>
Impact of alumni	<b>\$243.1 million</b>
Total impact	<b>\$302.8 million</b>



# INVESTMENT ANALYSIS

*Measures*

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**STUDENT** *perspective*

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**SOCIAL** *perspective*

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**TAXPAYER** *perspective*

# INVESTMENT ANALYSIS

*Approach*

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- Calculate **benefits and costs** to stakeholders
- Derive the **future benefits stream**
- **Discount results** to current-year dollars
- Determine **net present value**,  
**benefit-cost ratio**, and **rate of return**

**Benefits** = Greater job opportunities + higher lifetime income

**Costs** = Tuition and fees + books and supplies + forgone time and money

Present value of benefits

**\$243.4 million**

Present value of costs

**\$53.6 million**

Net present value (benefits minus costs)

**\$189.8 million**

Benefit-cost ratio (benefits divided by costs)

**4.5**

Rate of return

**17.2%**

**Benefits** = Expanded economic base + savings related to improved health, reduced crime, and reduced unemployment

**Costs** = All college expenditures and all student expenditures and costs

Present value of benefits

**\$1.2 billion**

Present value of costs

**\$138.6 million**

Net present value (benefits minus costs)

**\$1 billion**

Benefit-cost ratio (benefits divided by costs)

**8.5**

**Benefits** = Added tax revenues + reduced demand for government services

**Costs** = State and local government funding

Present value of benefits

**\$93.5 million**

Present value of costs

**\$59.6 million**

Net present value (benefits minus costs)

**\$33.9 million**

Benefit-cost ratio (benefits divided by costs)

**1.6**

Rate of return

**4.2%**

# UNDERSTANDING THE RESULTS

College of the Desert

- Creates **new income** in the region
- Supports **local jobs**
- Sustains a **skilled workforce**
- Increases students' **lifetime income**
- Expands the state's **economic base**
- Improves **quality of life**

THE RESULTS OF THIS STUDY  
WERE PREPARED BY

The logo for emsi, featuring the lowercase letters 'emsi' in a bold, rounded, green font. The letters have a slight gradient and a drop shadow effect, giving them a three-dimensional appearance. The 'i' has a small green dot above it.

FOR A COPY OF THE REPORT, PLEASE CONTACT THE COLLEGE.