



FACT SHEET

JULY 2018 | THE ECONOMIC VALUE OF SANTA ANA COLLEGE

Santa Ana College (SAC) 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) 2016-17.

IMPACTS CREATED BY SAC IN FY 2016-17

ADDED INCOME	JOBS
\$146.9 million	1,775
Operations spending impact	
\$17.4 million	158
Construction spending impact	
\$84.3 million	1,419
Student spending impact	
\$909.6 million	11,117
Alumni impact	
\$1.2 billion	14,470
Total impact	

IMPACT ON THE BUSINESS COMMUNITY

During the analysis year, SAC and its students added **\$1.2 billion** in income to the Orange County economy in California, approximately equal to **0.5%** of the county's total gross regional product (GRP). SAC's impact supported **14,470** jobs in FY 2016-17. The economic impacts of SAC break down as follows:

Operations spending impact

- SAC employed 1,220 full-time and part-time employees in FY 2016-17. Payroll amounted to \$94.4 million, much of which was spent in Orange County to purchase groceries, clothing, and other household goods and services. The college spent another \$55.3 million to support its day-to-day operations.
- The net impact of college payroll and expenses in Orange County during the analysis year was approximately **\$146.9 million** in income.

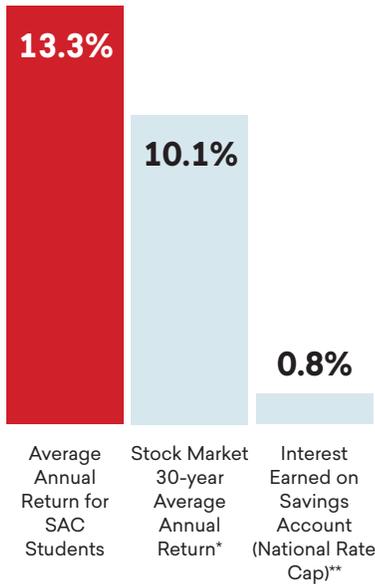
Construction spending impact

- SAC commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of SAC's construction spending in FY 2016-17 was **\$17.4 million** in added income for Orange County.

Student spending impact

- A number of students would have left the county if not for SAC. These retained students spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of retained students during the analysis year added approximately **\$84.3 million** in income to the Orange County economy.

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

Alumni impact

- Over the years, students have studied at SAC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Orange County.
- The impact of former students currently employed in the county workforce amounted to **\$909.6 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- SAC's FY 2016-17 students paid a total present value of **\$29.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$175.7 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 **\$725.5 million** in increased earnings over their working lives. This translates to a return of **\$3.50** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **13.3%**.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in California paid **\$138.9 million** to support the operations of SAC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$393.6 million** in benefits to taxpayers. Savings to the public sector add another **\$54.2 million** in benefits due to a reduced demand for government-funded services in California.
- Dividing benefits to taxpayers by the associated costs yields a **3.2** benefit-cost ratio, i.e., every dollar in costs returns **\$3.20** in benefits. The average annual return on investment for taxpayers is **9.7%**.

Social perspective

- The economic base in California will grow by **\$5.6 billion** over the course of the students' working lives. Society will also benefit from **\$91.2 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 SAC FY 2016-17 educations, society will receive a cumulative value of **\$15.50** in benefits, for as long as the FY 2016-17 student population at SAC remains active in the state workforce.

