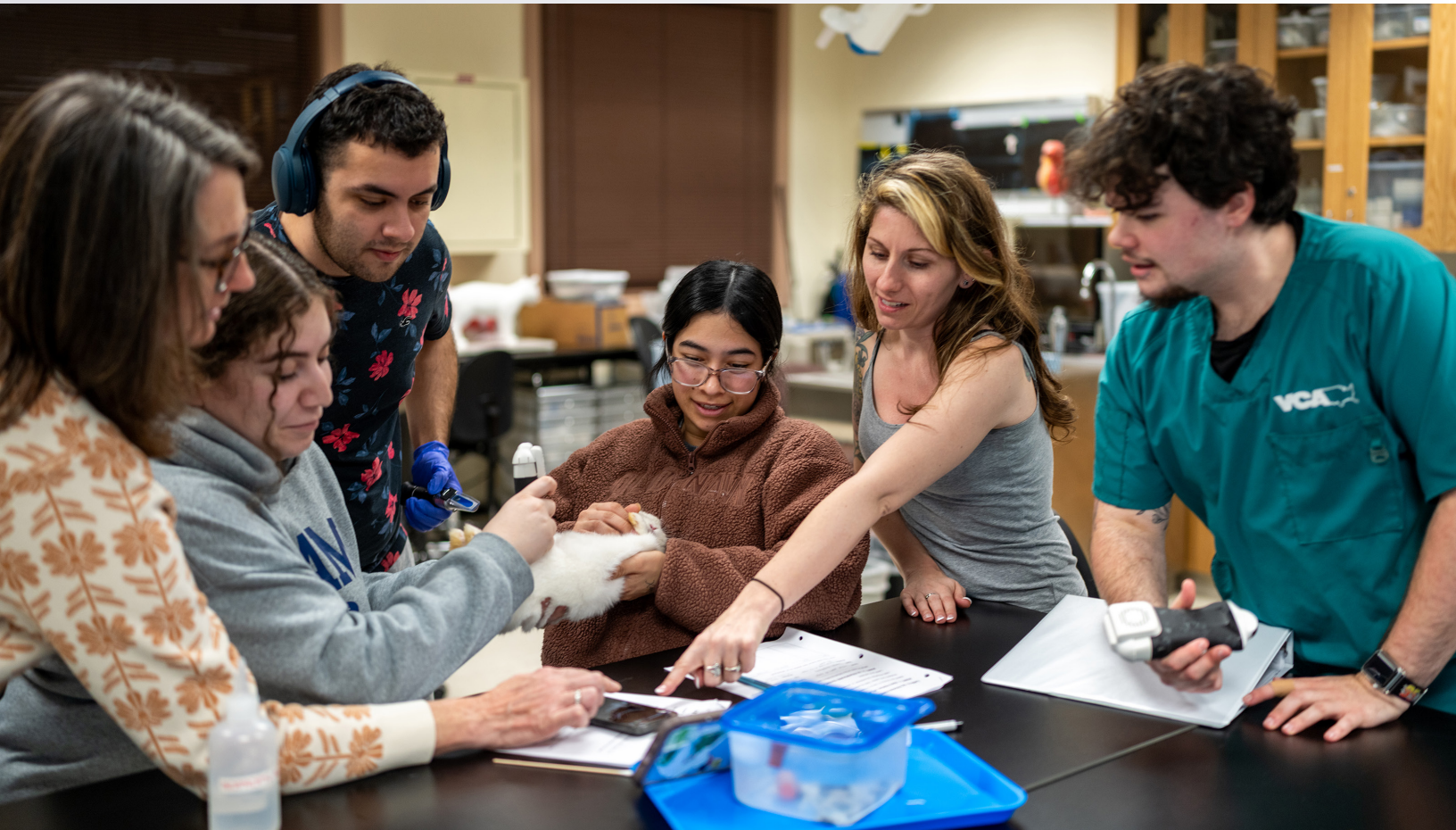


The Economic Value of Santa Rosa Junior College





SANTA ROSA JUNIOR COLLEGE (SRJC) creates value in many ways. The college plays a crucial role in helping students enhance their employability and reach their full potential. The college draws students to the county, generating new dollars and opportunities for Sonoma County. SRJC provides students with the education, training, and skills they need to have fulfilling and prosperous careers. SRJC is a place where students can meet new people, boost their self-confidence, and enhance their overall health and well-being.

SRJC influences both the lives of its students and the county economy. The college supports a variety of industries in Sonoma County, serves county businesses, and benefits society as a whole in California from an expanded economy and improved quality of life. Additionally, the benefits created by SRJC extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by SRJC on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2023–24. Impacts on the Sonoma County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in California are reported under the investment analysis.



SRJC influences both the **lives of its students** and the **county economy**.

Economic impact analysis



SRJC promotes economic growth in Sonoma County through its direct expenditures and the resulting expenditures of students and county businesses. The college serves as an employer and buyer of goods and services for its day-to-day and construction operations. The college's activities attract students from outside Sonoma County, whose expenditures benefit county vendors. In addition, SRJC is one of the primary sources of higher education to Sonoma County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

Operations spending impact



SRJC adds economic value to Sonoma County as both an employer of county residents and a significant purchaser of goods and services. In FY 2023-24, the college employed 1,955 full-time and part-time faculty and staff, 89% of whom lived in Sonoma County. Total payroll at SRJC was \$160.0 million, much of which was spent in the county on groceries, mortgage and rent payments, dining out, and other household expenses. Additionally, the college incurred \$62.0 million in expenses related to facilities, supplies, and professional services (excluding construction).

SRJC's operations spending added \$158.7 million in income to the county during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-county spending of the college and its employees, and a downward adjustment to account for funding received from county sources. The **\$158.7 million** in added income is equivalent to supporting **1,853 jobs** in the county.

Construction spending impact



SRJC invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the county economy. In FY 2023-24, SRJC's construction spending generated **\$19.8 million** in added income, which is equivalent to supporting **173 jobs**. The funding for this construction came from a bond in 2014 and only constitutes the impact from spending in FY 2023-24.

Impacts created by
SRJC in FY 2023-24



Operations spending impact

\$158.7 million

+



Construction spending impact

\$19.8 million

+



Student spending impact

\$46.2 million

+



Alumni impact

\$1.6 billion



Total economic impact

\$1.8 billion

OR



Jobs supported

18,990



Student spending impact



Around 13% of students attending SRJC originated from outside the county in FY 2023-24, and some of these students relocated to Sonoma County to attend SRJC. These students may not have come to the county if the college did not exist. In addition, some in-county students, referred to as retained students, would have left Sonoma County if not for the existence of SRJC. While attending SRJC, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated **\$46.2 million** in additional income for the county's economy in FY 2023-24, supporting **593 jobs** in Sonoma County.

Alumni impact



The education and training SRJC provides for county residents has the greatest impact. Since the college's establishment, students have studied at SRJC and entered the county workforce with greater knowledge and new skills. Today, hundreds of thousands of former SRJC students are employed in Sonoma County. As a result of their education from SRJC, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, SRJC alumni generated **\$1.6 billion** in additional income for the county economy, equivalent to supporting **16,371 jobs**.

Total impact

SRJC added \$1.8 billion in income to the Sonoma County economy during the analysis year, equal to the sum of the operations and construction spending impacts, the student spending impact, and the alumni impact. For context, the \$1.8 billion impact was equivalent to approximately 5.3% of Sonoma County's total gross regional product (GRP). This contribution that the college provided on its own is about half the size of the entire Health Care & Social Assistance industry in the county.

SRJC's total impact can also be expressed in terms of the jobs it supports. The **\$1.8 billion** impact supported **18,990 county jobs**, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 17 jobs in Sonoma County is supported by the activities of SRJC and its students. In addition, the \$1.8 billion, which supported 18,990 jobs, stemmed from various industry sectors. For instance, among non-education industry sectors, the spending of SRJC and its students, as well as the activities of its alumni, in the Health Care & Social Assistance industry sector supported 2,468 jobs in FY 2023-24. If the college did not exist, these impacts would not have been generated in Sonoma County.

SRJC impacts by industry (jobs supported)



2,468

Health Care & Social Assistance



1,889

Retail Trade



1,515

Government, Non-Education



1,500

Professional & Technical Services



1,294

Arts, Entertainment, & Recreation

One out of every 17 jobs in Sonoma County is supported by the activities of SRJC and its students.



Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates SRJC as an investment from the perspectives of students, taxpayers, and society in California. As with the economic impact analysis, this analysis considers only FY 2023-24 activities.

Student perspective



In FY 2023-24, SRJC served 24,667 credit and 7,445 non-credit students. To attend the college, students paid tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by SRJC's students in FY 2023-24 amounted to a present value of \$69.9 million, equal to \$19.4 million in out-of-pocket expenses (including future principal and interest on student loans) and \$50.5 million in forgone time and money.

In return for their investment, SRJC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average SRJC associate degree graduate from FY 2023-24 will see annual earnings that are \$9,300 higher than a person with a high school diploma or equivalent working in California. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$362,700 in higher earnings per graduate. The present value of the cumulative higher future earnings that SRJC's FY 2023-24 students will receive over their working careers is \$501.1 million.

The students' benefit-cost ratio is 7.2. In other words, for every dollar students invest in SRJC in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$7.20 in higher future earnings. Annually, the students' investment in SRJC has an average annual internal rate of return of 23.8%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

Students see a high rate of return for their investment in SRJC



Average annual return for SRJC students

23.8%



Stock market 30-year average annual return

10.1%



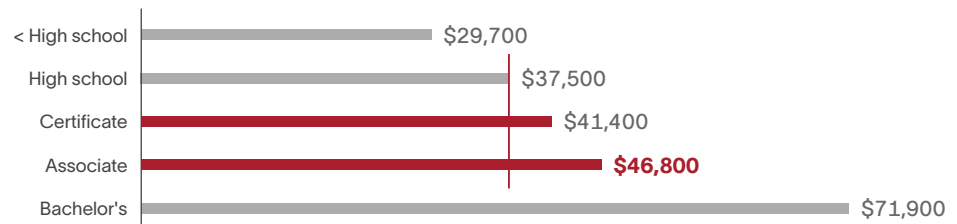
Interest earned on savings account (national deposit rate)

0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

Average earnings by education level at career midpoint

The average associate degree graduate from SRJC will see an increase in earnings of **\$9,300** each year compared to a person with a high school diploma or equivalent working in California.



Source: Lightcast employment data



Taxpayer perspective



SRJC generates more in tax revenue than it receives. These benefits to taxpayers primarily consist of taxes that the state and local governments will collect from the additional revenue generated in the state. As SRJC students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of FY 2023-24, students' working lives, the state and local governments will have collected a present value of \$210.4 million in added taxes.

Benefits to taxpayers will also include savings generated by the improved lifestyles of SRJC students and the corresponding reduction in government services. Education is statistically associated with various lifestyle changes. The education that SRJC students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. Additionally, costs related to the justice system will decrease. SRJC students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from SRJC will generate \$29.6 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$240.0 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$169.4 million, equal to the amount of state and local government funding SRJC received in FY 2023-24. These benefits and costs yield a benefit-cost ratio of 1.4. This means that for every dollar of public money invested in SRJC in FY 2023-24, taxpayers will receive a cumulative present value of \$1.40 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 2.7%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in SRJC, taxpayers will receive a cumulative value of **\$1.40** over the course of the students' working lives.

Social perspective



Society as a whole in California benefits from the presence of SRJC in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raises economic prosperity in California.

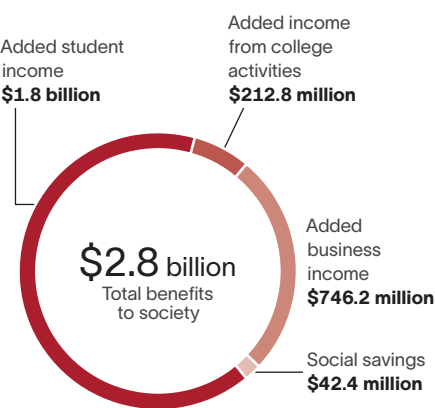
Benefits to society also consist of the savings generated by the improved lifestyles of SRJC students. As discussed in the previous section, education is statistically correlated with various lifestyle changes that generate social benefits. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance abuse, and depression. Justice system savings include the

avoided costs to the government and society resulting from reduced judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, please contact the college to obtain a copy of the main report.

Altogether, the social benefits of SRJC equal a present value of \$2.8 billion. These benefits include \$1.8 billion in added student income, \$746.2 million in added business income, \$212.8 million in added income from college activities, as well as \$42.4 million in social savings related to health, the justice system, and income assistance in California. People in California invested a total of \$317.7 million in present value in SRJC for FY 2023-24. The cost includes all the college and student costs.

The benefit-cost ratio for society is 8.9, equal to the \$2.8 billion in benefits divided by the \$317.7 million in costs. In other words, for every dollar invested in SRJC, individuals in California will receive a cumulative benefit value of \$8.90. The benefits of this investment will occur for as long as SRJC’s FY 2023-24 students remain employed in the state workforce.

Social benefits in California from SRJC






Source: Lightcast impact model

Summary of investment analysis results

The results of the analysis demonstrate that SRJC is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a significant return on their investment in education from SRJC. At the same time, taxpayers’ investment in SRJC returns more to government budgets than it costs and creates a wide range of social benefits throughout California.

Summary of investment analysis results

 Student perspective		 Taxpayer perspective		 Social perspective	
Present value benefits \$501.1 million		Present value benefits \$240.0 million		Present value benefits \$2.8 billion	
Present value costs \$69.9 million		Present value costs \$169.4 million		Present value costs \$0.3 billion	
Net present value \$431.2 million		Net present value \$70.5 million		Net present value \$2.5 billion	
Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
7.2	23.8%	1.4	2.7%	8.9	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

Conclusion

*The results of this study demonstrate that SRJC creates value from **multiple perspectives**.*

The college benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. SRJC enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, SRJC benefits society as a whole in California by fostering a more prosperous economy and generating various savings through the improved lifestyles of its students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2023-24 academic and financial reports from SRJC, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study employs a conservative methodology and adheres to standard practice, utilizing only the most widely recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the college for a copy of the main report.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.