

# The Economic Value of Riverside Community College District

Riverside Community College District<sup>1</sup> (RCCD) 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) 2019-20.

THE RCCD SERVICE AREA, SAN BERNARDINO AND RIVERSIDE COUNTIES, CA



## ECONOMIC IMPACT ANALYSIS

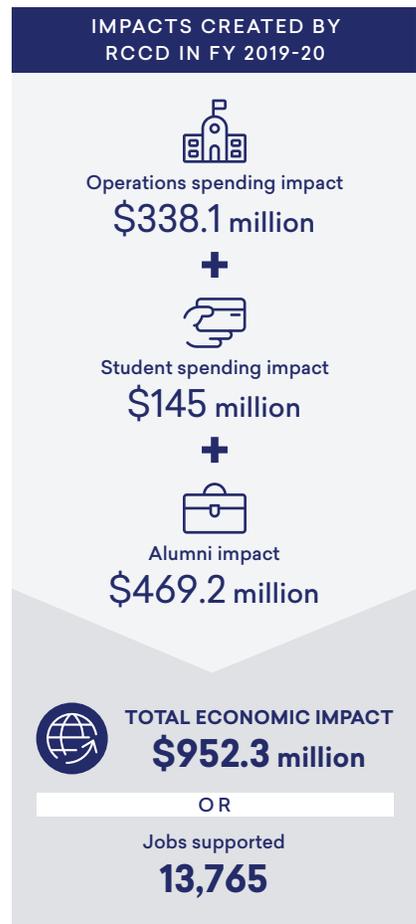
In FY 2019-20, RCCD added **\$952.3 million** in income to the RCCD Service Area<sup>2</sup> economy, a value approximately equal to **1.9%** of the region’s total gross regional product (GRP). Expressed in terms of jobs, RCCD’s impact supported **13,765 jobs**. For perspective, the activities of the colleges and their students support **one out of every 43 jobs** in the RCCD Service Area.

### OPERATIONS SPENDING IMPACT

- RCCD employed 2,115 full-time and part-time faculty and staff. Payroll amounted to \$267.5 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$151 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the colleges’ operations spending added **\$338.1 million** in income to the regional economy in FY 2019-20.

### STUDENT SPENDING IMPACT

- Around 22% of students attending RCCD originated from outside the region. Some of these students relocated to the RCCD Service Area. In addition, some in-region students, referred to as retained students, would have left the RCCD Service Area for other educational opportunities if not for RCCD. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.



<sup>1</sup> Riverside Community College District consists of Moreno Valley College, Norco College, and Riverside City College.  
<sup>2</sup> For the purposes of this analysis, the RCCD Service Area is comprised of 40 ZIP codes in the northwest corner of Riverside County and southwest corner of San Bernardino County in California.

- The expenditures of relocated and retained students in FY 2019-20 added **\$145 million** in income to the RCCD Service Area economy.

### ALUMNI IMPACT

- Over the years, students have studied at RCCD and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in the RCCD Service Area.
- The net impact of RCCD's former students currently employed in the regional workforce amounted to **\$469.2 million** in added income in FY 2019-20.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- RCCD's FY 2019-20 students paid a present value of **\$68.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$81.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value **\$1 billion** in increased earnings over their working lives. This translates to a return of **\$6.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.7%**.

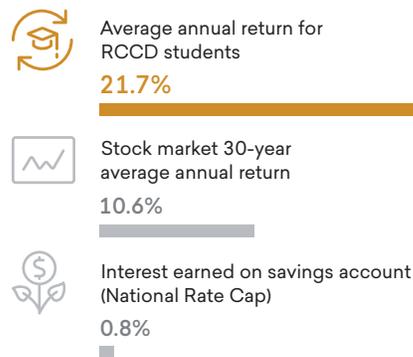
### TAXPAYER PERSPECTIVE

- Taxpayers provided RCCD with **\$291.9 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$326.5 million**. A reduced demand for government-funded services in California will add another **\$59.7 million** in benefits to taxpayers.
- For every dollar of public money invested in RCCD, taxpayers will receive **\$1.30** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **1.8%**.

### SOCIAL PERSPECTIVE

- In FY 2019-20, California invested **\$553.3 million** to support RCCD. In turn, the California economy will grow by **\$4.6 billion**, over the course of students' working lives. Society will also benefit from **\$89.3 million** of public and private sector savings.
- For every dollar invested in RCCD in FY 2019-20, people in California will receive **\$8.40** in return, for as long as RCCD's FY 2019-20 students remain active in the state workforce.

### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN RCCD



Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

