

The Economic Value of Norco College

Norco College (NC) 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 NC SERVICE AREA, SAN BERNARDINO AND RIVERSIDE COUNTIES, CA



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, NC added **\$175.9 million** in income to the NC Service Area* economy, a value approximately equal to **0.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, NC's impact supported **2,414 jobs**.

OPERATIONS SPENDING IMPACT

- NC employed 487 full-time and part-time faculty and staff. Payroll amounted to \$61.7 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$34.3 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$72 million** in income to the regional economy in FY 2019-20.

STUDENT SPENDING IMPACT

- Around 35% of students attending NC originated from outside the region. Some of these students relocated to the NC Service Area. In addition, some in-region students, referred to as retained students, would have left the NC Service Area for other educational opportunities if not for NC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2019-20 added **\$23.4 million** in income to the NC Service Area economy.

* For the purposes of this analysis, the NC Service Area is comprised of the following 12 ZIP codes in the northwest corner of Riverside and southwest San Bernardino County in California: 91708, 91752, 92503, 92505, 92860, 92877, 92878, 92879, 92880, 92881, 92882, and 92883.

IMPACTS CREATED BY
NC IN FY 2019-20



Operations spending impact
\$72 million

+



Student spending impact
\$23.4 million

+



Alumni impact
\$80.5 million



TOTAL ECONOMIC IMPACT
\$175.9 million

OR

Jobs supported
2,414

ALUMNI IMPACT

- Over the years, students have studied at NC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the NC Service Area.
- The net impact of NC's former students currently employed in the regional workforce amounted to **\$80.5 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- NC's FY 2019-20 students paid a present value of **\$14.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$24.1 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 **\$275.6 million** in increased earnings over their working lives. This translates to a return of **\$7.10** 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 NC with **\$67.2 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 **\$86.2 million**. A reduced demand for government-funded services in California will add another **\$14.9 million** in benefits to taxpayers.
- For every dollar of public money invested in NC, taxpayers will receive **\$1.50** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **2.5%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, California invested **\$131.2 million** to support NC. In turn, the California economy will grow by **\$1.2 billion**, over the course of students' working lives. Society will also benefit from **\$22.9 million** of public and private sector savings.
- For every dollar invested in NC in FY 2019-20, people in California will receive **\$9.60** in return, for as long as NC's FY 2019-20 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN NC



Average annual return for NC students

21.7%



Stock market 30-year average annual return

10.6%



Interest earned on savings account (National Rate Cap)

0.8%

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

For every \$1...



Students gain in lifetime earnings

\$7.10



Taxpayers gain in added tax revenue and public sector savings

\$1.50



Society gains in added income and social savings

\$9.60