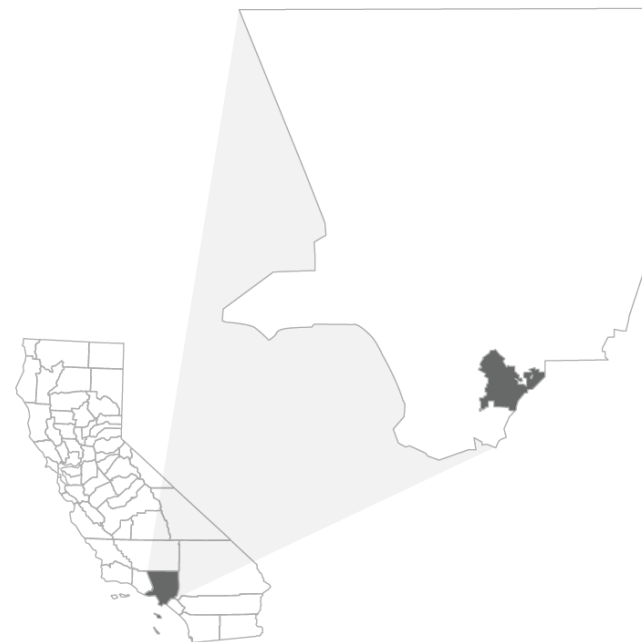




The economic value of Cerritos Community College

ANALYSIS OF THE ECONOMIC IMPACT
AND RETURN ON INVESTMENT OF EDUCATION

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The Cerritos College
Service Area, California



What is an
ECONOMIC IMPACT ANALYSIS?

Measures how an event or institution affects the local economy



What is an
INVESTMENT ANALYSIS?

A comparison of the costs and benefits to determine the return on investment



ECONOMIC IMPACT ANALYSIS – Methodology

How would the region's economic activity change if the institution and all its alumni did not exist?

Measured by components focused on assessing the regional change in income:

- Gross Domestic Product (GDP)
- Sales Revenue
- Jobs Impact

Initial Effect  **Multiplier Effect**



INVESTMENT ANALYSIS – Methodology

Standard method for determining whether an existing or proposed investment is economically viable

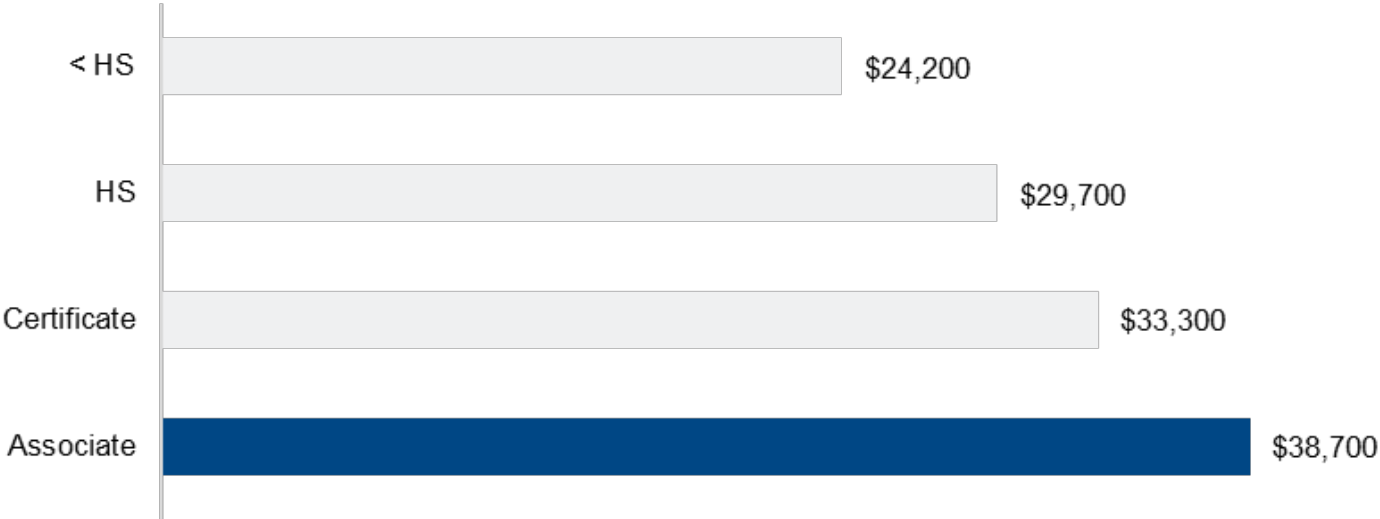
Most commonly used measures in investment analysis:

- Net Present Value
- Benefit-Cost Ratio
- Internal Rate of Return

Student Perspective  **Taxpayer Perspective**  **Social Perspective**

About the Cerritos College Service Area

AVERAGE EARNINGS BY EDUCATION LEVEL



\$27.4 billion

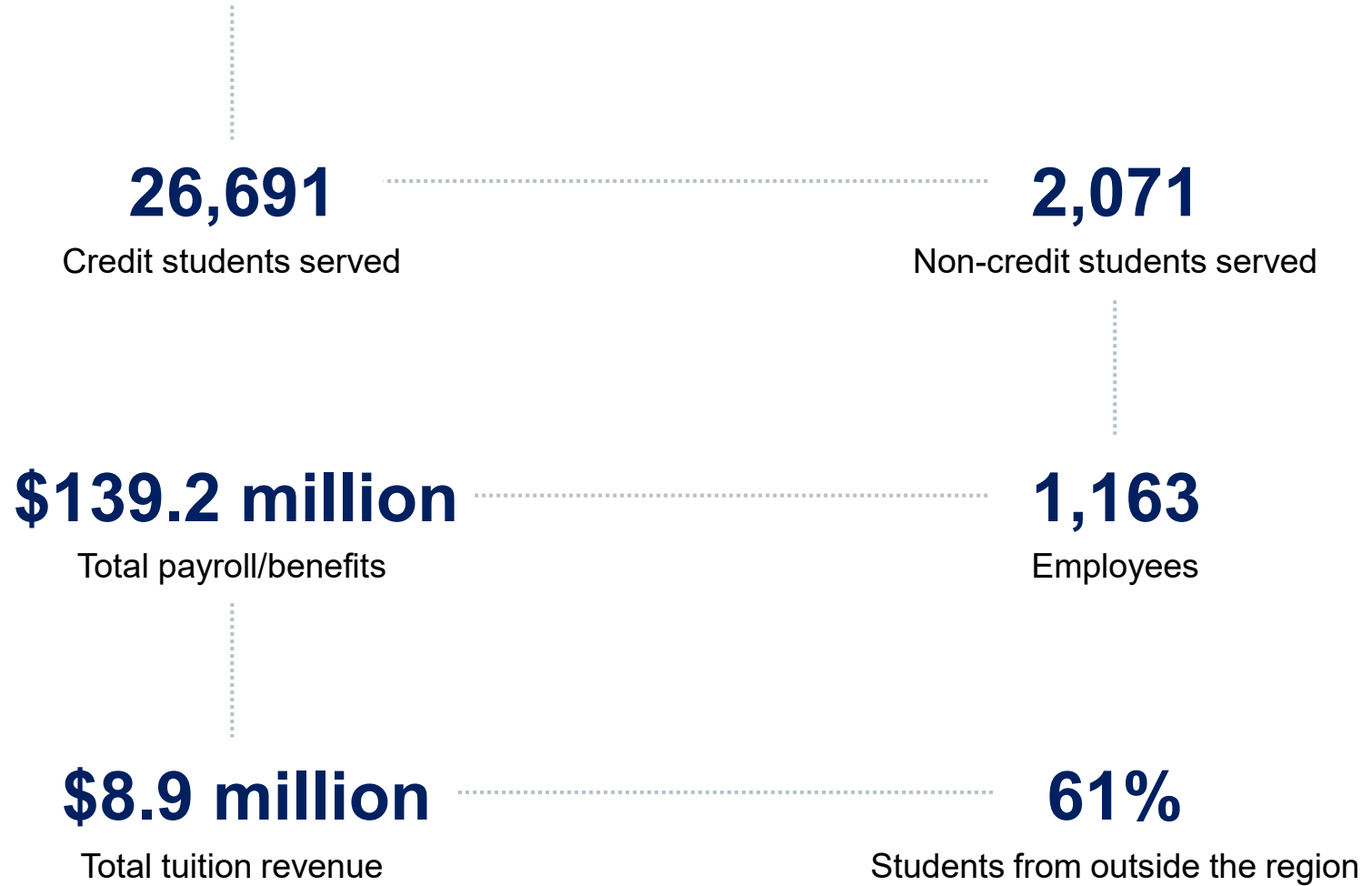
Total Gross Regional Product (GRP)



233,657

Total Jobs

Cerritos College in FY 2021-22





ECONOMIC IMPACT ANALYSIS



Operations Spending Impact

*College payroll and
other spending + ripple effects*

\$143.9 million

Added regional income

OR

1,192

Jobs supported in the region



Construction Spending Impact

*College construction
expenditures + ripple effects*

\$4.3 million

Added regional income

OR

54

Jobs supported in the region



ECONOMIC IMPACT ANALYSIS



Student Spending Impact

*Retained student
spending + ripple effects*

\$11 million

Added regional income

OR

146

Jobs supported in the region



Alumni Impact

*Higher alumni earnings and increased
business profit + ripple effects*

\$378.2 million

Added regional income

OR

4,208

Jobs supported in the region



ECONOMIC IMPACT ANALYSIS

Total Impact

\$537.4 million

Total income added
in the region

OR

2.0%

Of region's GRP

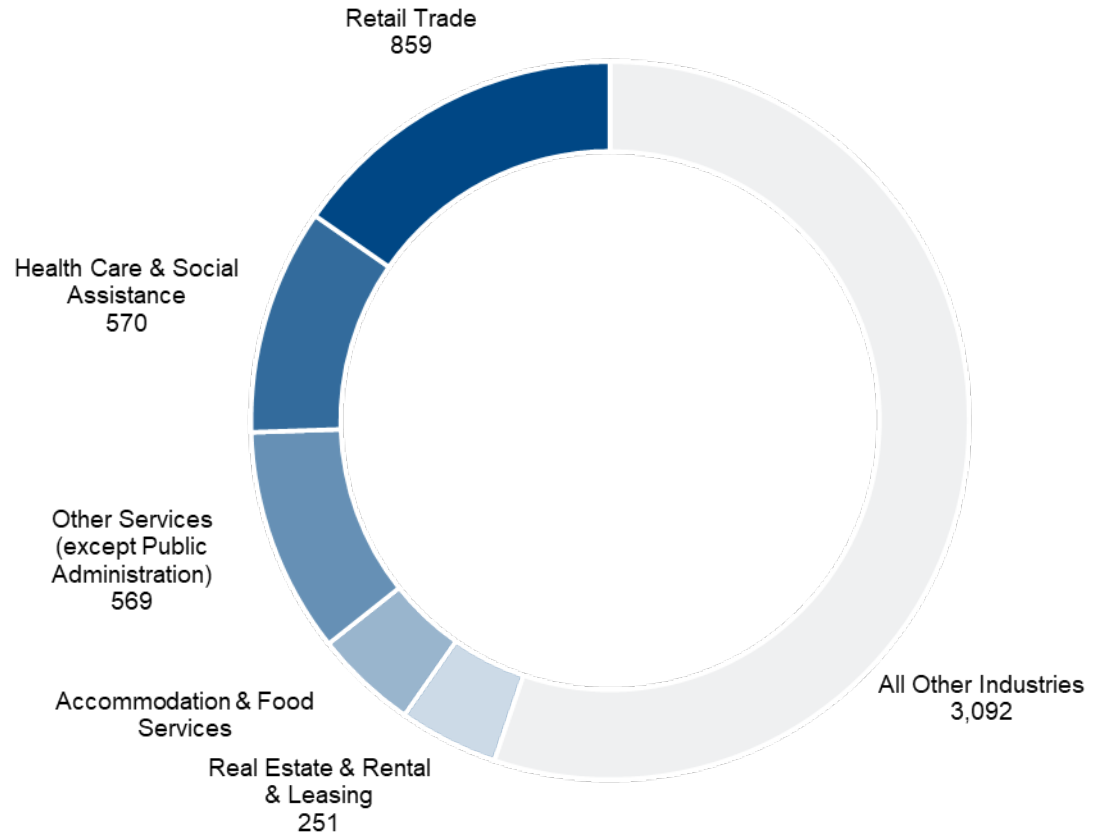
5,599

Total jobs supported
in the region

OR

1 out of **42** jobs in the
region

Impacts by industry (jobs supported)





INVESTMENT ANALYSIS



Student Perspective

\$534.1 million

Benefit: Higher future earnings

\$83.7 million

Cost: Tuition, supplies, opportunity cost

6.4

Benefit/cost ratio

23.3%

Rate of return



Taxpayer Perspective

\$240.9 million

Benefit: Future tax revenue, government savings

\$151.5 million

Cost: State and local funding

1.6

Benefit/cost ratio

3.0%

Rate of return



Social Perspective

\$3.1 billion

Benefit: Growth in state economic base, future earnings, tax revenue, and private and social savings

\$291.2 million

Cost: All college and student costs

10.5

Benefit/cost ratio

n/a*

Rate of return

Future benefits are discounted to the present.

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

Overview of results



\$537.4 million

Total income added to the region

2.0%

Of region's GRP

5,599

Total jobs supported in the region



6.4

Benefit-cost ratio for students

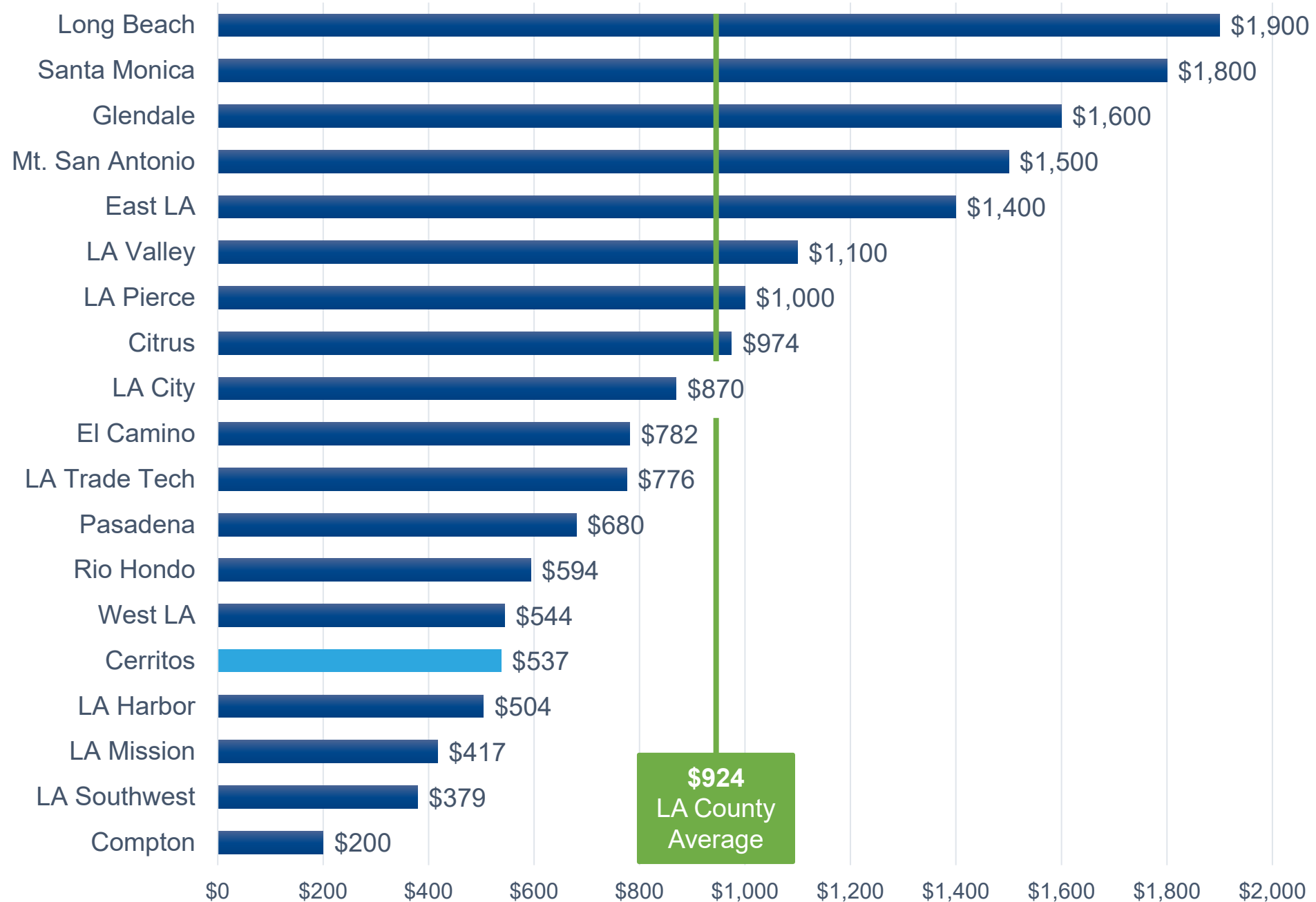
1.6

Benefit-cost ratio for taxpayers

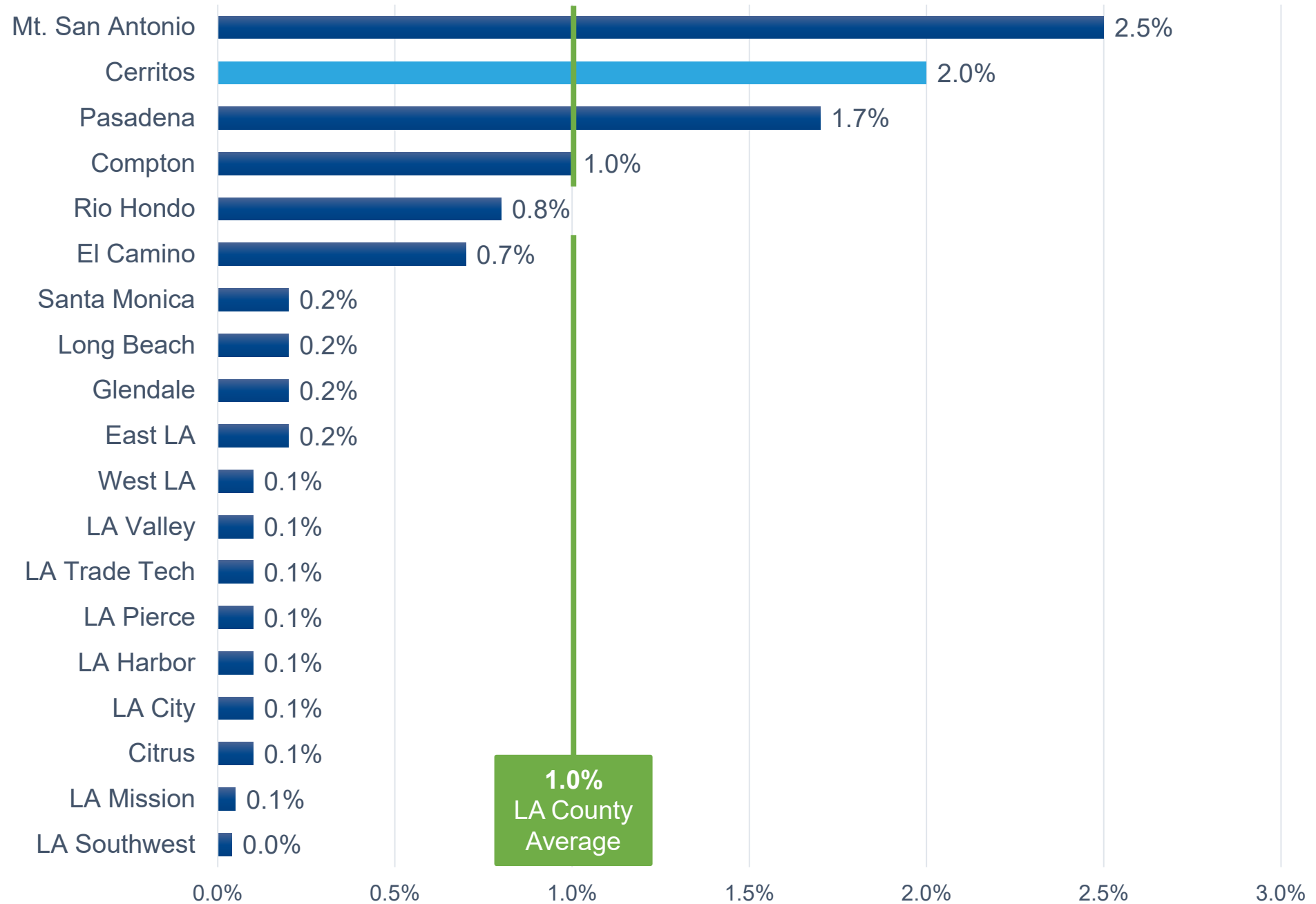
10.5

Benefit-cost ratio for society

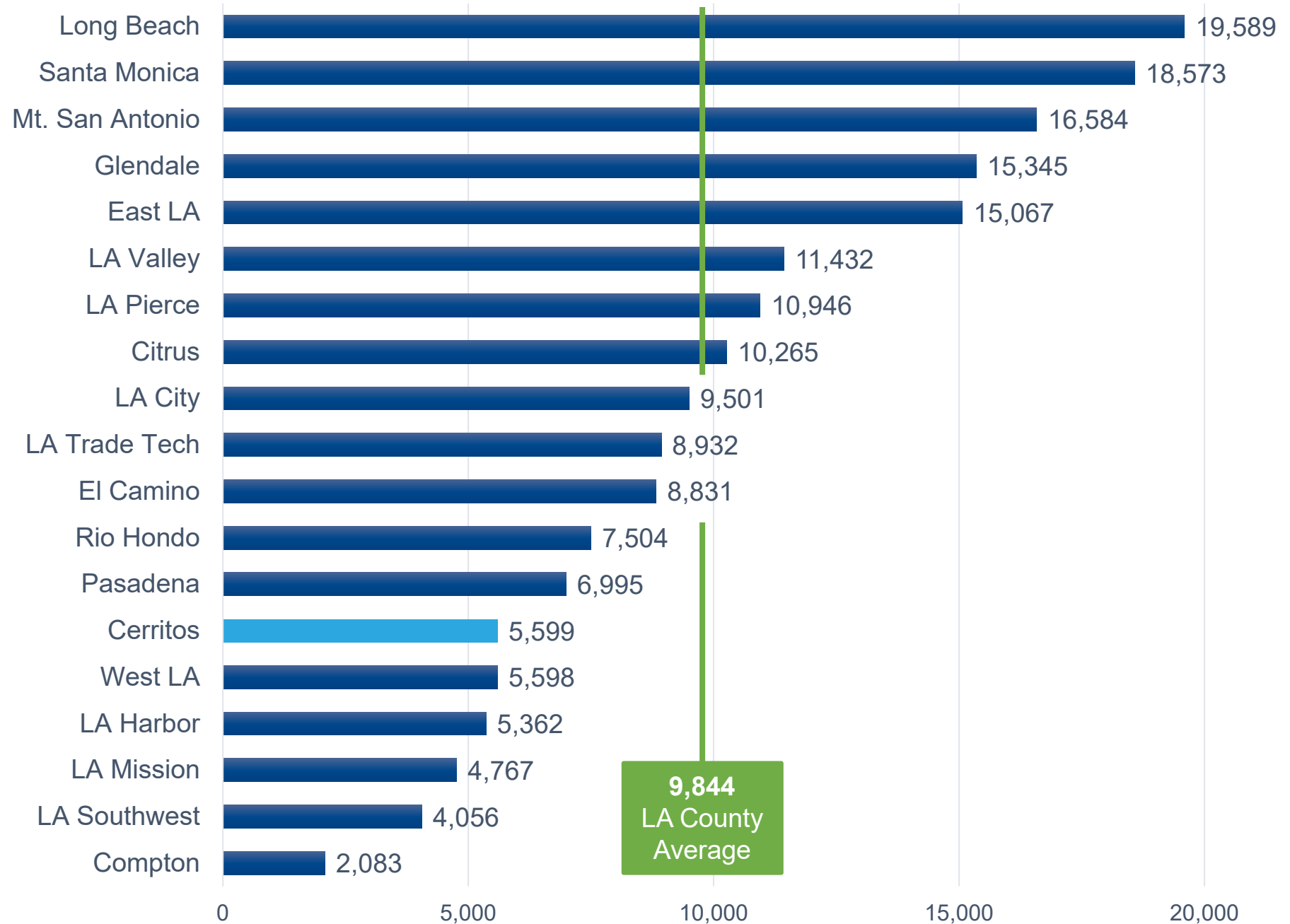
Total Income Added in the Region (\$MM)



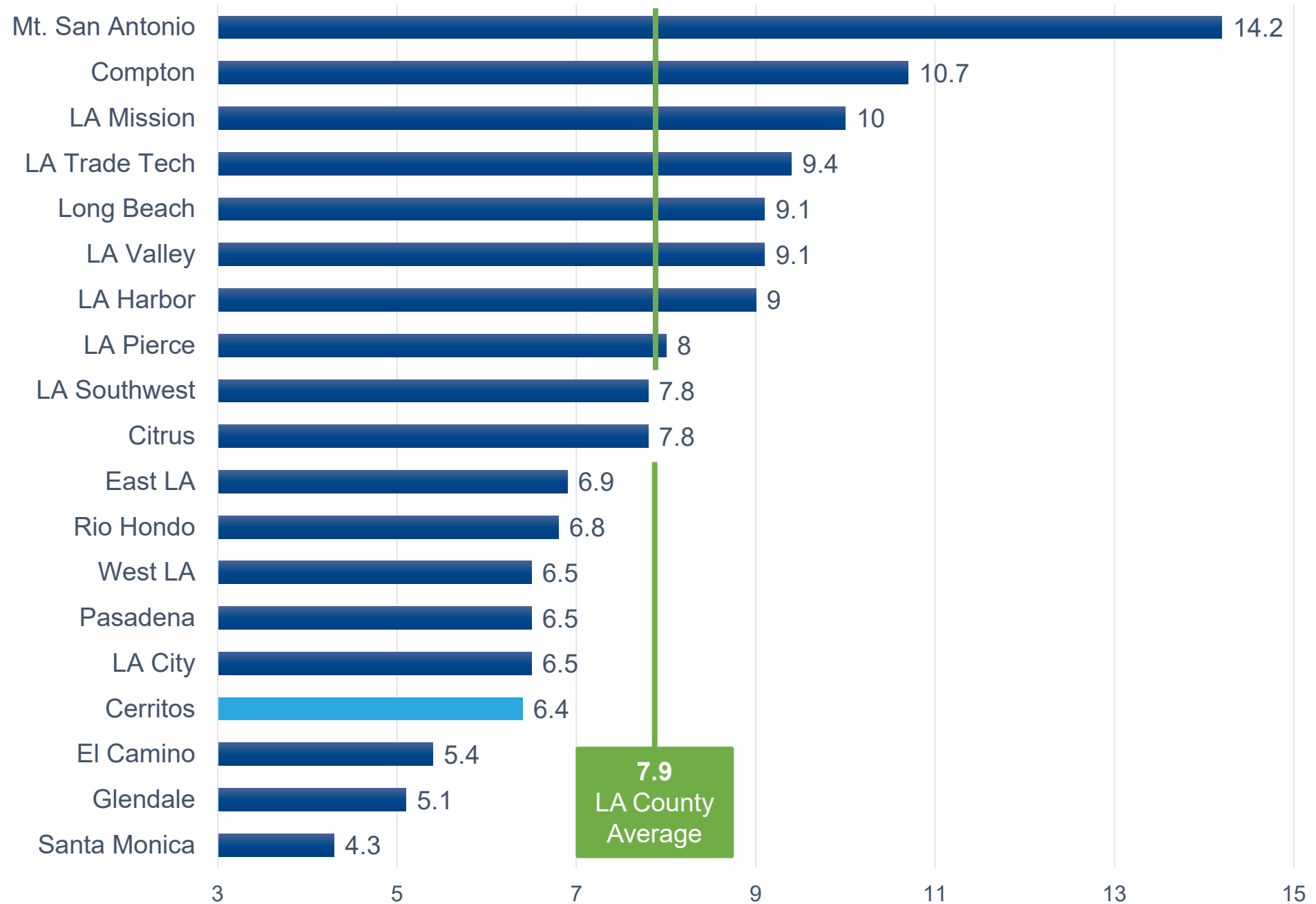
Percentage of Region's GRP



Total Jobs Supported in Region



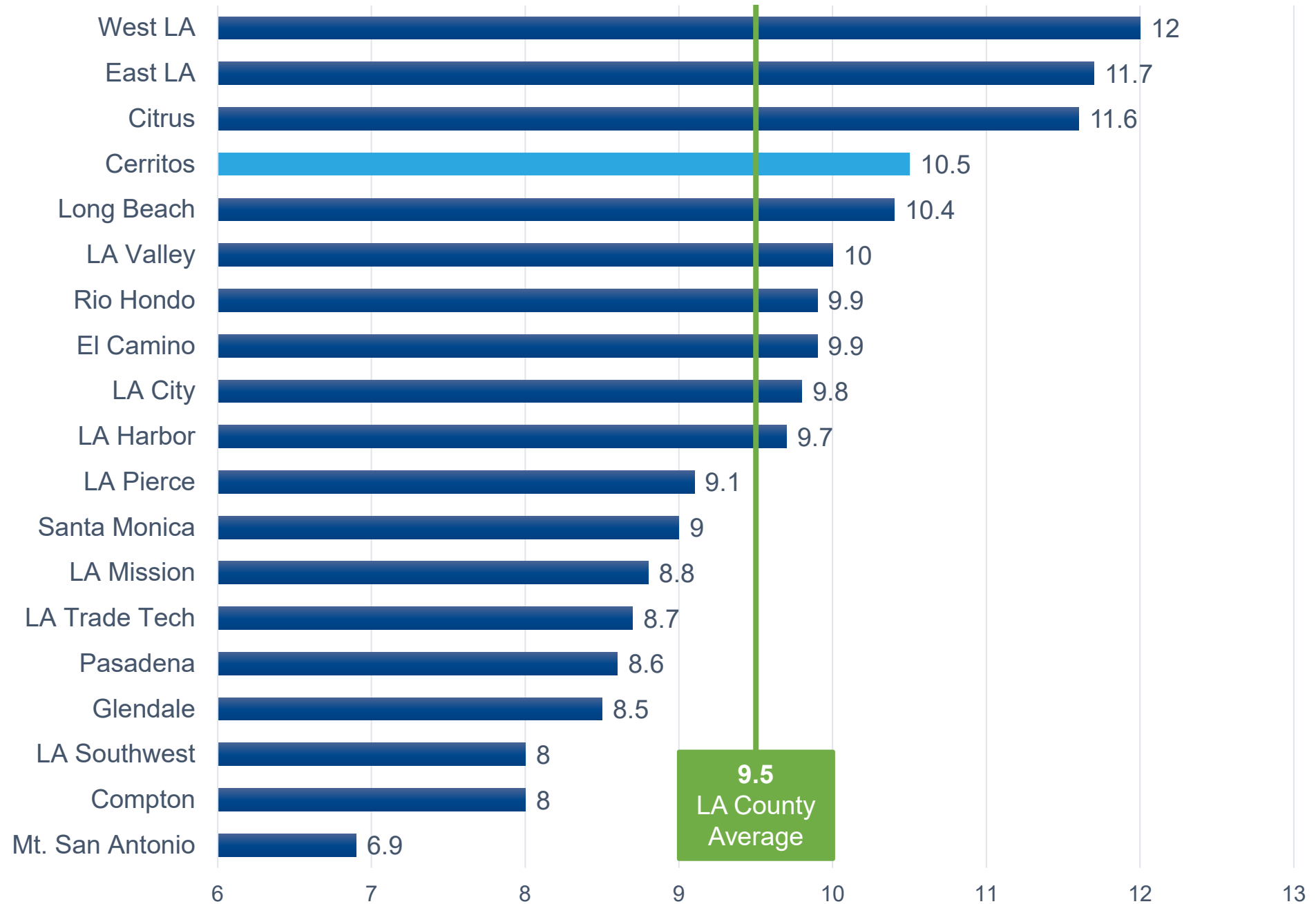
Benefit-Cost Ratio for Students



Benefit-Cost Ratio for Taxpayers



Benefit-Cost Ratio for Society



Conclusion

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