



# The Economic Value of Arizona's Community Colleges

## FACT SHEET

**A**RIZONA'S community colleges create a significant positive impact on the business community and generate a return on investment to their 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) 2017-18.



### Economic impact analysis

In FY 2017-18, Arizona's community colleges added **\$14.1 billion** in income to the Arizona economy, a value approximately equal to **4.2%** of the state's total gross state product (GSP). Expressed in terms of jobs, the impact of Arizona's community colleges supported **211,258 jobs**. For perspective, the activities of the colleges and their students support **one out of every 18 jobs** in Arizona.

#### OPERATIONS SPENDING IMPACT

- Arizona's community colleges employed 18,851 full-time and part-time faculty and staff in FY 2017-18. Payroll amounted to \$835.1 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$423.3 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the colleges' operations spending added **\$853.2 million** in income to the state economy in FY 2017-18.

#### CONSTRUCTION SPENDING IMPACT

- Arizona's community colleges invest in construction each year to maintain facilities, create additional capacities, and meet growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of construction spending by Arizona's community colleges in FY 2017-18 was **\$3.4 million** in added income for Arizona.

#### STUDENT SPENDING IMPACT

- Some students attending the colleges originated from outside the state, and many of these students relocated to Arizona. In addition, some in-state students, referred to as retained students, would have left Arizona for other

### Arizona's Community Colleges

Arizona Western College  
Central Arizona College  
Cochise College  
Coconino Community College  
Eastern Arizona College  
Maricopa County Community College District  
Mohave Community College  
Northland Pioneer College  
Pima Community College  
Yavapai College

IMPACTS CREATED BY  
ARIZONA'S COMMUNITY  
COLLEGES IN FY 2017-18



**\$853.2 million**  
Operations Spending Impact



**\$3.4 million**  
Construction Spending Impact



**\$475.5 million**  
Student Spending Impact



**\$12.8 billion**  
Alumni Impact



**\$14.1 billion**  
TOTAL IMPACT

- OR -

**211,258**  
JOBS SUPPORTED



educational opportunities if not for the colleges. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.

- The expenditures of relocated and retained students in FY 2017-18 added **\$475.5 million** in income to the Arizona economy.

#### ALUMNI IMPACT

- Over the years, students have studied at Arizona's community colleges and entered or re-entered the workforce with newly acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Arizona.
- The net impact of the colleges' former students currently employed in the state workforce amounted to **\$12.8 billion** in added income in FY 2017-18.



## Investment analysis

#### STUDENT PERSPECTIVE

- Students at Arizona's community colleges in FY 2017-18 paid a present value of **\$356.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$899.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$6.8 billion** in increased earnings over their working lives. This translates to a return of **\$5.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **19.5%**.

#### TAXPAYER PERSPECTIVE

- State and local taxpayers provided Arizona's community colleges with **\$951.3 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.9 billion**. A reduced demand for government-funded services in Arizona will add another **\$142.2 million** in benefits to taxpayers.
- For every dollar of public money invested in Arizona's community colleges, taxpayers will receive **\$2.10** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **5.7%**.

#### SOCIAL PERSPECTIVE

- In FY 2017-18, society in Arizona invested **\$2.3 billion** to support Arizona's community colleges. In turn, the Arizona economy will grow by **\$25.3 billion** over the course of students' working lives. Society will also benefit from **\$390.4 million** of public and private sector savings.
- For every dollar invested in Arizona's community colleges in FY 2017-18, people in Arizona will receive **\$11.10** in return, for as long as the colleges' FY 2017-18 students remain active in the state workforce.

#### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN ARIZONA'S COMMUNITY COLLEGES



**19.5%**

Average annual return for students at Arizona's community colleges



**9.9%**

Stock market 30-year average annual return



**0.8%**

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



**FOR EVERY \$1...**



Students gain

**\$5.40**

in lifetime earnings



Taxpayers gain

**\$2.10**

in added tax revenue and public sector savings



Society gains

**\$11.10**

in added income and social savings

