



# The Economic Value of Long Beach City College FACT SHEET

**L**ONG Beach City College (LBCC) 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) 2018-19.

## Economic impact analysis

In FY 2018-19, LBCC added **\$1.6 billion** in income to the Los Angeles - Orange County Metropolitan Statistical Area (MSA)\* economy, equivalent to supporting **17,118 jobs**.

### OPERATIONS SPENDING IMPACT

- LBCC employed 1,997 full-time and part-time faculty and staff. Payroll amounted to \$152.7 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 \$52.6 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college’s operations spending added **\$213.7 million** in income to the regional economy in FY 2018-19.

### CONSTRUCTION SPENDING IMPACT

- LBCC invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of LBCC’s construction spending in FY 2018-19 was **\$15.6 million** in added income for the Los Angeles - Orange County MSA.

### STUDENT SPENDING IMPACT

- Some in-region students, referred to as retained students, would have left the Los Angeles - Orange County MSA for other educational opportunities if not for LBCC. These retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

\* See Appendix 1 of the Main Report to view the zip codes that comprise the Los Angeles - Orange County MSA.

IMPACTS CREATED  
BY LBCC IN FY 2018-19



**\$213.7 million**  
Operations Spending Impact



**\$15.6 million**  
Construction Spending Impact



**\$69.8 million**  
Student Spending Impact



**\$1.3 billion**  
Alumni Impact



**\$1.6 billion**  
TOTAL IMPACT

- OR -

**17,118**  
JOBS SUPPORTED



- The expenditures of retained students in FY 2018-19 added **\$69.8 million** in income to the Los Angeles - Orange County MSA economy.

## ALUMNI IMPACT

- Over the years, students have studied at LBCC 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 Los Angeles - Orange County MSA.
- The net impact of LBCC's former students currently employed in the regional workforce amounted to **\$1.3 billion** in added income in FY 2018-19.



## Investment analysis

### STUDENT PERSPECTIVE

- LBCC's FY 2018-19 students paid a present value of **\$36.9 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$51.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$730.7 million** in increased earnings over their working lives. This translates to a return of **\$8.30** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **25.3%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided LBCC with **\$159.2 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$264.3 million**. A reduced demand for government-funded services in California will add another **\$37.8 million** in benefits to taxpayers.
- For every dollar of public money invested in LBCC, taxpayers will receive **\$1.90** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.8%**.

### SOCIAL PERSPECTIVE

- In FY 2018-19, California invested **\$308.2 million** to support LBCC. In turn, the California economy will grow by **\$4.1 billion**, over the course of students' working lives. Society will also benefit from **\$58.6 million** of public and private sector savings.
- For every dollar invested in LBCC in FY 2018-19, people in California will receive **\$13.30** in return, for as long as LBCC's FY 2018-19 students remain active in the state workforce.

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



**25.3%**

Average annual return for LBCC students



**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**

**\$8.30**

in lifetime earnings



**Taxpayers gain**

**\$1.90**

in added tax revenue and public sector savings



**Society gains**

**\$13.30**

in added income and social savings

