The Economic Value of Long Beach City College

FACT SHEET

LONG 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.
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.

In short, the impact of former LBCC students is massive: $1.3 billion added to the regional economy, with a high average annual rate of return for their investment in their education.

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.