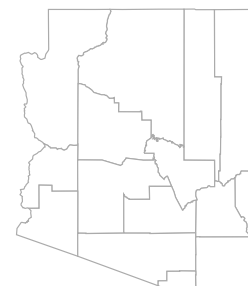


# The Economic Value of Arizona's community colleges



Arizona'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) 2023-24.



State of Arizona

\* Arizona's community colleges include Arizona Western College, Central Arizona College, Cochise College, Coconino Community College, Eastern Arizona College, the Maricopa County Community College District, Mohave College, Northland Pioneer College, Pima Community College, and Yavapai College.



## Economic impact analysis

In FY 2023-24, Arizona's community colleges added **\$15.2 billion** in income to the economy of Arizona, a value approximately equal to **3.1%** of the state's total gross state product (GSP). Expressed in terms of jobs, the impact of Arizona's community colleges supported **190,059 jobs**. For perspective, the activities of the colleges and their students support **one out of every 24 jobs** in Arizona.

### Operations spending impact

- Arizona's community colleges employed 18,547 full-time and part-time faculty and staff. Payroll amounted to \$1.1 billion, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$625.2 million on expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the colleges' operations added **\$1.3 billion** in income to the state economy in FY 2023-24.

### Construction spending impact

- Arizona's community colleges invest in capital projects each year to maintain their facilities, create additional capacities, and meet their growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of Arizona's community colleges' construction spending in FY 2023-24 was **\$42.0 million** in added income for Arizona.

### Student spending impact

- Around 11% of students attending Arizona's community colleges originated from outside the state. Some of these students relocated to Arizona. In addition, some in-state students, referred to as retained students, would have left Arizona for other educational opportunities if not for Arizona's community 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 2023-24 added **\$934.3 million** in income to the economy of Arizona.

### 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 **\$12.9 billion** in added income in FY 2023-24.

### Impacts created by Arizona's community colleges in FY 2023-24



Operations spending impact

**\$1.3 billion**

+



Construction spending impact

**\$42.0 million**

+



Student spending impact

**\$934.3 million**

+



Alumni impact

**\$12.9 billion**



Total economic impact

**\$15.2 billion**

OR



Jobs supported

**190,059**





## Investment analysis

### Student perspective

- Students attending Arizona's community colleges in FY 2023-24 paid a present value of **\$335.2 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$557.1 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$4.2 billion** in increased earnings over their working lives. This translates to a return of **\$4.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **17.0%**.

### Taxpayer perspective

- Taxpayers provided Arizona's community colleges with **\$1.2 billion** of funding in FY 2023-24. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.4 billion**. A reduced demand for government-funded services in Arizona will add another **\$150.0 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$1.5 billion**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in Arizona's community colleges, taxpayers will receive **\$1.20** in return over the course of students' working lives. The average annual rate of return for taxpayers is **1.9%**.

### Social perspective

- In FY 2023-24, Arizona invested **\$2.5 billion** to support Arizona's community colleges. In turn, the Arizona economy will grow by **\$20.0 billion** over the course of students' working lives. Society will also benefit from **\$381.0 million** of public and private sector savings.
- For every dollar invested in Arizona's community colleges in FY 2023-24, people in Arizona will receive **\$8.20** in return, for as long as the colleges' FY 2023-24 students remain active in the state workforce.

### Students see a high rate of return for their investment in Arizona's community colleges



Average annual return for Arizona's community colleges students

**17.0%**



Stock market 30-year average annual return

10.1%



Interest earned on savings account (national deposit rate)

0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

### For every \$1...



Students gain in lifetime earnings

**\$4.70**



Taxpayers gain in added tax revenue and public sector savings

**\$1.20**



Society gains in added income and social savings

**\$8.20**

