



The Economic Value of California State University, Stanislaus

CALIFORNIA STATE UNIVERSITY, STANISLAUS (Stan State) creates value in many ways. The university plays a key role in helping students increase their employability and achieve their individual potential. The university facilitates new research developments and draws students to the region, generating new dollars and opportunities for the Stan State Six-County Service Region.¹ Stan State provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Its employee volunteers support the regional economy through the output and employment generated by regional businesses and organizations. Furthermore, Stan State is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Stan State influences both the lives of its students and the regional economy. The university supports a variety of industries in the Stan State Six-County Service Region, serves regional businesses, and benefits society as a whole in California from an expanded economy and improved quality of life. Additionally, the benefits created by Stan State extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Stan State on the business community and the benefits the university generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the university, for fiscal year (FY) 2021-22. Impacts on the Stan State Six-County Service Region economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in California are reported under the investment analysis.



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¹ For the purposes of this analysis, the Stan State Six-County Service Region is comprised of Stanislaus, Calaveras, Mariposa, Merced, San Joaquin, and Tuolumne Counties.



Economic impact analysis



Stan State promotes economic growth in the Stan State Six-County Service Region through its direct expenditures and the resulting expenditures of students and regional businesses. The university serves as an employer and buyer of goods and services for its day-to-day and research operations. The university's reputation and activities attract students from outside the Stan State Six-County Service Region, whose expenditures benefit regional vendors. Stan State encourages its employees to volunteer in the community, helping businesses and organizations grow. In addition, Stan State is a primary source of higher education to the Stan State Six-County Service Region residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact



Stan State adds economic value to the Stan State Six-County Service Region as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the university employed 1,308 full-time and part-time faculty and staff (excluding research employees), 86% of whom lived in the Stan State Six-County Service Region. Total payroll at Stan State was \$173.1 million (excluding payroll from research employees), much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the university spent \$103.4 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).

Stan State's day-to-day operations spending added \$221 million in income to the region during the analysis year. This figure represents the university's payroll, the multiplier effects generated by the in-region spending of the university and its employees, and a downward adjustment to account for funding that the university received from regional sources. The \$221 million in added income is equivalent to supporting 1,769 jobs in the region.

Research spending impact



Research activities impact the economy by employing people and requiring the purchase of equipment and other supplies and services. In FY 2021-22, Stan State spent \$1 million on payroll to support research activities. This, along with \$967.2 thousand in other research spending, created a net total of \$1.7 million in added income for the regional economy. This added income is equivalent to supporting 18 jobs.

Impacts created by Stan State in FY 2021-22



Operations spending impact

\$221.0 million

+



Research spending impact

\$1.7 million

+



Student spending impact

\$18.3 million

+



Volunteerism impact

\$0.1 million

+



Alumni impact

\$529.4 million



Total economic impact

\$770.5 million

OR

Jobs supported

9,068



Student spending impact



Around 12% of degree-seeking students attending Stan State originated from outside the region in FY 2021-22, and some of these students relocated to the Stan State Six-County Service Region to attend Stan State. These students may not have come to the region if the university did not exist. In addition, some in-region students, referred to as retained students, would have left the Stan State Six-County Service Region if not for the existence of Stan State. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$18.3 million in added income for the regional economy in FY 2021-22, which supported 299 jobs in the Stan State Six-County Service Region.

Volunteerism impact



Stan State encourages its employees to volunteer in the Stan State Six-County Service Region, where they can work with businesses and organizations to help meet their goals. The work of these employee volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. Using the value per volunteer hour for California as provided by the Independent Sector,² the work of Stan State employee volunteers is equivalent to \$60.8 thousand in earnings. In terms of actual impact to the Stan State Six-County Service Region economy, Stan State employee volunteers generated an impact of \$102.8 thousand in added income for the region in FY 2021-22, equivalent to supporting three jobs.

Alumni impact



The education and training Stan State provides for regional residents has the greatest impact. Since the establishment of the university, students have studied at Stan State and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Stan State students are employed in the Stan State Six-County Service Region.

According to Lightcast's Alumni Outcomes data, many of the Stan State alumni are employed in the state workforce in industry sectors such as Government, Education; Manufacturing; Health Care & Social Assistance; Retail Trade; Administrative & Waste Services; Professional & Technical Services; and Finance & Insurance, with their top occupations being tutors and teachers and instructors; postsecondary teachers; personal service managers and entertainment and recreation managers; chief executives; accountants and auditors; and general and operations managers.

As a result of their education from Stan State, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, Stan State alumni generated \$529.4 million in added income for the regional economy, which is equivalent to supporting 6,979 jobs.

² By state value per volunteer hour was provided by Independent Sector (see https://independentsector.org/resource/vovt_details/).



Total impact

Stan State added \$770.5 million in income to the Stan State Six-County Service Region economy during the analysis year, equal to the sum of the operations and research spending impacts, the student spending impact, the volunteerism impact, and the alumni impact. For context, the \$770.5 million impact was equal to approximately 1.0% of the total gross regional product (GRP) of the Stan State Six-County Service Region. This contribution that the university provided on its own is nearly as large as the entire Information industry in the region.

Stan State's total impact can also be expressed in terms of jobs supported. The \$770.5 million impact supported 9,068 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 82 jobs in the Stan State Six-County Service Region is supported by the activities of Stan State and its students. In addition, the \$770.5 million, or 9,068 supported jobs, stemmed from different industry sectors. For instance, Stan State's activities and alumni in the Government, Education industry sector supported 1,641 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in the Stan State Six-County Service Region.

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Stan State impacts by industry (jobs supported)



Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers Stan State as an investment from the perspectives of students, taxpayers, and society in California.

Student perspective



In FY 2021-22, Stan State served 11,930 credit and 946 non-credit students. In order to attend the university, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Stan State's students in FY 2021-22 amounted to a present value of \$80.2 million, equal to \$49.7 million in out-of-pocket expenses (including future principal and interest on student loans) and \$30.5 million in forgone time and money.

In return for their investment, Stan State's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Stan State bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$27,500 higher than a person with a high school diploma or equivalent working in California. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$1.2 million in higher earnings per graduate. The present value of the cumulative higher future earnings that Stan State's FY 2021-22 students will receive over their working careers is \$973.6 million.

The students' benefit-cost ratio is 12.1. In other words, for every dollar students invest in Stan State in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$12.10 in higher future earnings. Annually, the

Students see a high rate of return for their investment in Stan State



Average annual return for Stan State students
30.3%



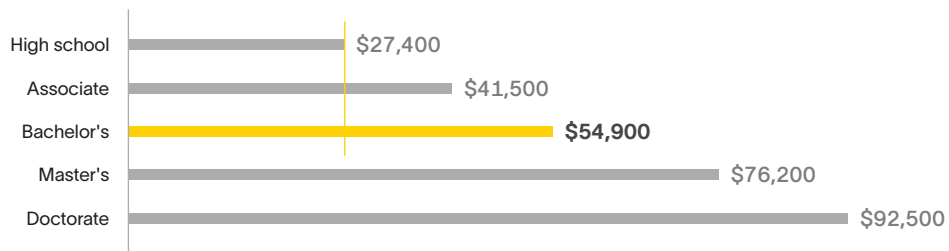
Stock market 30-year average annual return
10.5%



Interest earned on savings account (National Rate Cap)
0.8%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

The average bachelor's degree graduate from Stan State will see an increase in earnings of **\$27,500** each year compared to a person with a high school diploma or equivalent working in California.



Source: Data provided by Stan State and Lightcast Alumni Outcomes.

students' investment in Stan State has an average annual internal rate of return of 30.3%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5%.

Taxpayer perspective



Stan State generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As Stan State students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2021-22 students' working lives, the state and local government will have collected a present value of \$352.7 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Stan State students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The educations that Stan State students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. Stan State students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the university for a copy of the main report. Altogether, the present value of the benefits associated with an education from Stan State will generate \$91.8 million in savings to state and local taxpayers.

For every dollar of public money invested in Stan State, taxpayers will receive a cumulative value of **\$2.30** over the course of the students' working lives.

Total taxpayer benefits amount to \$444.4 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$189.6 million, equal to the amount of state and local government funding Stan State received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 2.3. This means that for every dollar of public money invested in Stan State in FY 2021-22, taxpayers will receive a cumulative present value of \$2.30 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 4.0%, which compares favorably to other long-term investments in the public and private sectors.

Social perspective



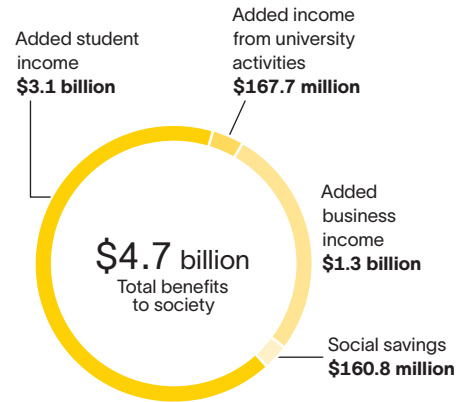
Society as a whole in California benefits from the presence of Stan State in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in California.

Benefits to society also consist of the savings generated by the improved lifestyles of Stan State students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the university for a copy of the main report.

Altogether, the social benefits of Stan State equal a present value of \$4.7 billion. These benefits include \$3.1 billion in added student income, \$1.3 billion in added business income, \$167.7 million in added income from university activities, as well as \$160.8 million in social savings related to health, crime, and income assistance in California. People in California invested a present value total of \$323.5 million in Stan State in FY 2021-22. The cost includes all the university and student costs.

The benefit-cost ratio for society is 14.5, equal to the \$4.7 billion in benefits divided by the \$323.5 million in costs. In other words, for every dollar invested in Stan State, people in California will receive a cumulative value of \$14.50 in benefits. The benefits of this investment will occur for as long as Stan State's FY 2021-22 students remain employed in the state workforce.

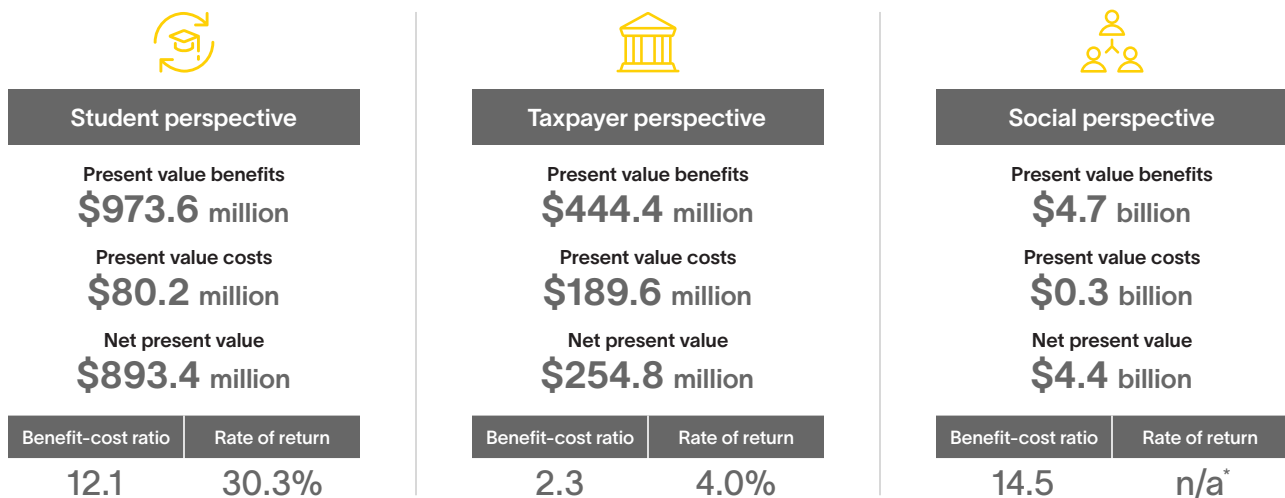
Social benefits in California from Stan State



Source: Lightcast impact model.

Summary of investment analysis results

The results of the analysis demonstrate that Stan State is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from Stan State. At the same time, taxpayers' investment in Stan State returns more to government budgets than it costs and creates a wide range of social benefits throughout California.



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

Conclusion

The results of this study demonstrate that Stan State creates value from multiple perspectives. The university benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Stan State enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Stan State 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.



About the study

Data and assumptions used in the study are based on several sources, including the FY 2021-22 academic and financial reports from Stan State, the university's alumni records matched to Lightcast's Alumni Outcomes database, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the university for a copy of the main report.

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Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.

