

## **Draft review guidelines**

This draft version of the report gives you an opportunity to review the initial findings and report any concerns you may have. It is also an opportunity to suggest any edits to the text that you would like us to incorporate into the final version.

Please note that the results found in this draft report are preliminary and subject to change. Because of this, we recommend against publishing or publicizing the findings presented below until you have your finalized results.

### **Editing Guidelines**

- Please provide suggested revisions as one electronic document or digital comments on a single copy of each of the reports. Please send either as a word document or PDF file. Do not make unmarked changes in the text, as this makes it difficult for us to find and track changes.
- It is only necessary to indicate iterative revisions (for example, capitalizing a word that we have consistently not capitalized) at the first instance, not at every instance.
- Before sending us suggested revisions, if you have received feedback from multiple people, please be sure that their suggestions do not contradict each other.

### **Formatting**

This draft version does not include the customized colors and pictures you have sent for inclusion. When the draft process is over, a finalized report will be sent to Emsi's graphic designer, who will incorporate those elements.

# The Economic Value of Moreno Valley College

December 2018

## FACT SHEET

Moreno Valley College (MVC) 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) 2016-17.

### ECONOMIC IMPACT ANALYSIS

In FY 2016-17, MVC added **\$129.2 million** in income to the MVC Service Area<sup>1</sup> economy, a value approximately equal to **0.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, MVC's impact supported **1,708** regional jobs. For perspective, the activities of MVC and its students support one out of every **119** jobs in the MVC Service Area.

#### Operations Spending Impact

- MVC employed 463 full-time and part-time faculty and staff. Payroll amounted to \$40.1 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 \$17.2 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$43.3 million** in income to the regional economy.

#### Student Spending Impact

- Some in-region students would have left the MVC Service Area for other educational opportunities if not for MVC. These students spent money on groceries, mortgage and rent payments, and so on at regional businesses.
- The expenditures of retained students in FY 2016-17 added **\$7.7 million** in income to the MVC Service Area economy.

#### Alumni Impact

- Over the years, students have studied at MVC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the MVC Service Area.
- The net impact of MVC's former students currently employed in the regional workforce amounted to **\$78.2 million** in added income in FY 2016-17.

#### Impacts created by MVC in FY 2016-17

**\$43.3 million**  
Operations Spending Impact

**\$7.7 million**  
Student Spending Impact

**\$78.2 million**  
Alumni Impact

**\$129.2 million**  
Total Impact

or  
**1,708**  
Jobs Supported

<sup>1</sup> For the purposes of this analysis, the MVC Service Area is comprised of 17 ZIP codes primarily located in the northwest corner of Riverside County in California.

# INVESTMENT ANALYSIS

## Student Perspective

- MVC's FY 2016-17 students paid a present value of **\$13 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$21.3 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$260.4 million** in increased earnings over their working lives. This translates to a return of **\$7.60** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **23.2%**.

## Taxpayer Perspective

- Taxpayers provided MVC with **\$44.7 million** of funding in FY 2016-17. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$89.3 million**. A reduced demand for government-funded services in California will add another **\$16.3 million** in benefits to taxpayers.
- For every dollar of public money invested in MVC, taxpayers will receive **\$2.40** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **5.7%**.

## Social Perspective

- In FY 2016-17, California invested **\$95.1 million** to fully support MVC. In turn, the California economy will grow by **\$1.3 billion**, over the course of students' working lives. Society will also benefit from **\$20.4 million** of public and private sector savings.
- For every dollar invested in MVC educations in FY 2016-17, people in California will receive **\$13.60** in return, for as long as MVC's FY 2016-17 students remain active in the state workforce.

## Students see a high rate of return for their investment in MVC

**23.2%**



Average Annual Rate of Return for MVC Students

**10.1%**



Stock Market 30-year Average Annual Return

**0.8%**



Interest Earned on Savings Account (National Rate Cap)

Source: Forbes' S&P 500, 1987-2016. FDIC.gov, 7-2016.

## For every \$1...

Students gain  
**\$7.60**  
in lifetime earnings

Taxpayers gain  
**\$2.40**  
in added tax revenue and  
public sector savings

Society gains  
**\$13.60**  
in added income and social  
savings