

FACT SHEET

Demonstrating the Value of Napa Valley College

JUNE 2014

Napa Valley College creates a significant positive impact on the local business community and generates a return on investment for its major stakeholder groups—students, society, and taxpayers. Using a two-pronged approach that involves a regional economic impact analysis and an investment analysis, this independent study by EMSI, a labor market economics firm, calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2012-13.

INCOME CREATED BY NVC IN FY 2012-13 (ADDED INCOME)

\$39.7 MILLION

Effect of college operations

\$215.3 MILLION

Effect of student productivity

\$255.0 MILLION

Total effect

IMPACT ON LOCAL BUSINESS COMMUNITY

During the analysis year, Napa Valley College (NVC) and its students added **\$255.0 MILLION** in income to the Greater Napa Valley economy, approximately equal to **0.6%** of the region's Gross Regional Product. The economic impacts of NVC break down as follows:

Impact of college operations

- NVC employed 939 full-time and part-time employees in FY 2012-13. Payroll amounted to **\$34.4 MILLION**, much of which was spent in the Greater Napa Valley on housing, groceries, gas, and other household goods and services. The college spent another **\$23.5 MILLION** to support its day-to-day operations.
- The net impact of college payroll and expenses in the Greater Napa Valley during the analysis year was approximately **\$39.7 MILLION** in added regional income.

Impact of student productivity

- Since 1942, students have studied at NVC and entered or re-entered the workforce with newly-acquired skills. Today thousands of these former students are employed and reside in the Greater Napa Valley.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$215.3 MILLION** in added income during the analysis year.

JOB EQUIVALENTS BASED ON INCOME

Job equivalents are a measure of the average-wage jobs that a given amount of income can potentially support. They are calculated by dividing income by the average income per worker in the region. Based on the added income created by NVC, the job equivalents are as follows:

Effect of college operations = **782** job equivalents

Effect of student productivity = **4,245** job equivalents

Overall, the added income created by NVC and its students supported **5,026** job equivalents.

WHAT WAS THE 2012-13 INVESTMENT IN NAPA VALLEY WORTH?

\$247.6 MILLION

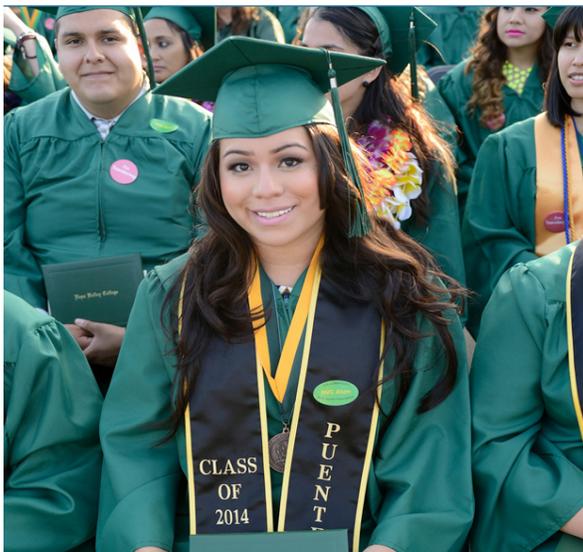
Returned to SOCIETY

\$21.3 MILLION

Returned to TAXPAYERS

\$289.4 MILLION

Returned to STUDENTS



RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Social perspective

- Society as a whole in California will receive a present value of **\$247.6 MILLION** in added state income over the course of the students' working lives. Society will also benefit from **\$4.9 MILLION** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- Society invested **\$106.8 MILLION** in NVC educations during the analysis year. This includes all NVC expenditures, all student expenditures, and all student opportunity costs. For every dollar that society spent on NVC educations during the analysis year, society will receive a cumulative value of **\$2.40** in benefits, for as long as NVC's 2012-13 students remain active in the state workforce.

Taxpayer perspective

- In FY 2012-13, the net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$19.2 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$2.1 MILLION** in benefits due to a reduced demand for government-funded services in California. State and local taxpayers in California paid **\$6.3 MILLION** to support the operations of NVC.
- Dividing benefits to taxpayers by the associated costs yields a **3.4** benefit-cost ratio, i.e., every \$1 in costs returns \$3.40 in benefits. The average annual return on investment for taxpayers is **8.3%**.

Student perspective

- In return for the monies invested in the college, NVC's students will receive a present value of **\$289.4 MILLION** in increased earnings over their working lives. NVC's 2012-13 students paid a total of **\$8.7 MILLION** to cover the cost of tuition, fees, books, and supplies. The opportunity cost for students is **\$44.0 MILLION**. This represents money that they would have earned had they been working instead of studying.
- These results translate to a return of **\$5.50** in higher future income for every \$1 that students invest in their education. The average annual return for students is **20.6%**.