



The Economic Value of Rio Salado College

FACT SHEET

Rio Salado College (RSC) 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, RSC added **\$872.3 million** in income to the Maricopa County economy. This is equivalent to supporting **10,904** jobs in Maricopa County.

OPERATIONS SPENDING IMPACT

- RSC employed 1,504 full-time and part-time faculty and staff. Payroll amounted to \$60.3 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$31.4 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$57.5 million** in income to the county economy.

STUDENT SPENDING IMPACT

- The majority of RSC's students are from Maricopa County. If not for the college, some of these students would have left the county. Additionally, some students relocated to Maricopa County to attend RSC. These students, referred to as retained and relocated students, spent money on groceries, mortgage and rent payments, and so on at county businesses.
- The expenditures of relocated and retained students in FY 2016-17 added **\$78.7 million** in income to the Maricopa County economy.

IMPACTS CREATED BY RSC
IN FY 2016-17



ALUMNI IMPACT

- Over the years, students have studied at RSC and entered or re-entered the workforce with newly-acquired knowledge and skills. Once finishing their time at the college, 72% of students remain in Maricopa County. Today, hundreds of thousands of these former students are employed in Maricopa County.
- The net impact of RSC's former students currently employed in the county workforce amounted to **\$736.1 million** in added income in FY 2016-17.



Investment analysis

STUDENT PERSPECTIVE

- RSC's FY 2016-17 students paid a present value of **\$53.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. Students also invested their time, a value of **\$125.5 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$623.2 million** in increased earnings over their working lives. This translates to a return of **\$3.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.5%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided RSC with **\$66.6 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. Students' educations will also lead to improved lifestyles, resulting in savings for state and local government. Altogether, taxpayer benefits amount to **\$399 million**.
- For every dollar of public money invested in RSC, taxpayers will receive **\$6.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **17.6%**.

SOCIAL PERSPECTIVE

- In FY 2016-17, all RSC revenue, inclusive of student costs, equaled **\$242.3 million**. In turn, the Arizona economy reaps **\$5.2 billion**, over the course of students' working lives. Society will also benefit from **\$36.2 million** of public and private sector savings.
- For every dollar invested in RSC educations in FY 2016-17, people in Arizona will receive **\$21.40** in return, for as long as RSC's FY 2016-17 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN RSC



14.5%

Average annual return for RSC 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.



TAXPAYERS' INVESTMENT

\$399 million
Present value benefits

\$66.6 million
Present value costs

\$332.4 million
Net present value

Benefit-cost Ratio

6.0

Rate of Return

17.6%



FOR EVERY \$1...



Students gain
\$3.50
in lifetime earnings



Taxpayers gain
\$6.00
in added tax revenue and public sector savings



Society gains
\$21.40
in added income and social savings

