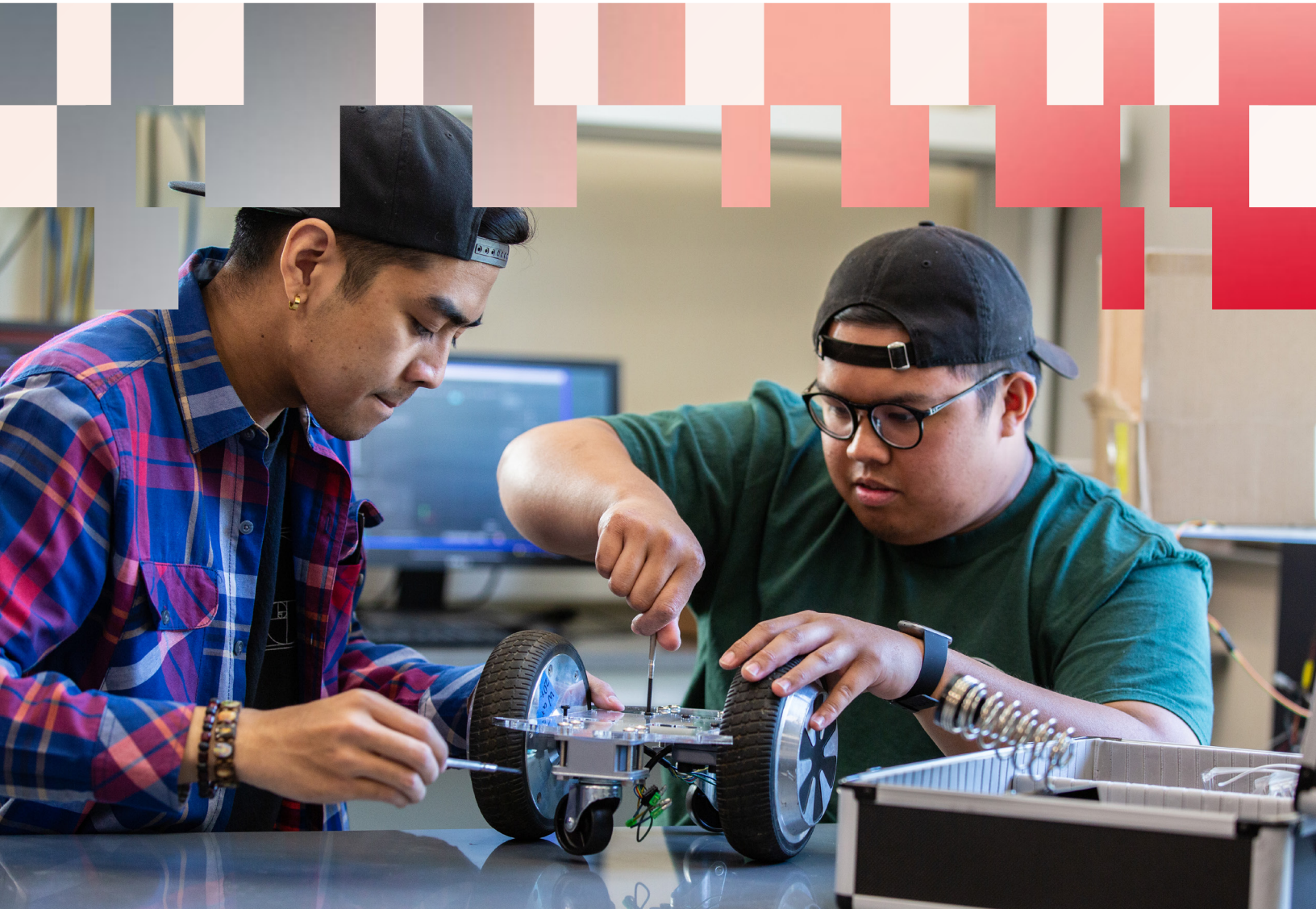




Channel Islands
CALIFORNIA STATE UNIVERSITY

Executive Summary

OCTOBER 2023



The Economic Value of California State University Channel Islands to Ventura and Santa Barbara Counties



CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS (CSUCI) 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 visitors and students to the region, generating new dollars and opportunities for Ventura and Santa Barbara Counties. CSUCI provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Its student volunteers support the regional economy through the output and employment generated by regional businesses and organizations. Furthermore, CSUCI is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

CSUCI influences both the lives of its students and the regional economy. The university supports a variety of industries in Ventura and Santa Barbara Counties, 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 CSUCI extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by CSUCI 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 Ventura and Santa Barbara Counties 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.



**Ventura and Santa Barbara
Counties, California**

CSUCI influences both the
lives of its students and
the **regional economy**.



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

Operations spending impact



CSUCI adds economic value to Ventura and Santa Barbara Counties as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the university employed 995 full-time and part-time faculty and staff (excluding research employees), 74% of whom lived in Ventura and Santa Barbara Counties. Total payroll at CSUCI was \$102.6 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 \$68.8 million on day-to-day expenses related to facilities, supplies, and professional services (excluding construction and research expenditures).



CSUCI's day-to-day operations spending added \$146.9 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 \$146.9 million in added income is equivalent to supporting 1,318 jobs in the region.

Construction spending impact



CSUCI invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the regional economy. In FY 2021-22, CSUCI's construction spending generated \$2.2 million in added income, which is equivalent to supporting 26 jobs.

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, CSUCI spent \$1.2 million on payroll to support research activities. This, along with \$1.2 million in other research spending,¹ created a net total of \$2.4 million in added income for the regional economy. This added income is equivalent to supporting 25 jobs. However, CSUCI's research activities create an economic impact beyond spending. There are impacts created through the entrepreneurial and innovative activities stemming from CSUCI's research. The full magnitude of their value is difficult to quantify and is beyond the scope of this analysis.

Visitor spending impact



Thousands of visitors from outside the region were attracted to CSUCI during the analysis year to attend commencement, new student orientation, and other activities sponsored by the university. While in the region, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the university's out-of-region visitors generated a net impact of \$3.2 million in added income for the regional economy in FY 2021-22. This \$3.2 million in added income is equivalent to supporting 36 jobs.

Student spending impact



Around 44% of students attending CSUCI originated from outside the region in FY 2021-22, and some of these students relocated to Ventura and Santa Barbara Counties to attend CSUCI. 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 Ventura and Santa Barbara Counties if not for the existence of CSUCI. While attending the university, these relocated and retained

Impacts created by CSUCI in FY 2021-22



Operations spending impact

\$146.9 million

+



Construction spending impact

\$2.2 million

+



Research spending impact

\$2.4 million

+



Visitor spending impact

\$3.2 million

+



Student spending impact

\$22 million

+



Volunteerism impact

\$1.2 million

+



Alumni impact

\$166.1 million



Total economic impact

\$344 million

OR

Jobs supported


3,405

¹ Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.




students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$22 million in added income for the regional economy in FY 2021-22, which supported 312 jobs in Ventura and Santa Barbara Counties.

Volunteerism impact

 CSUCI encourages its students to volunteer in Ventura and Santa Barbara Counties, where they can work with businesses and organizations to help meet their goals. The work of these student volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. The work of CSUCI student volunteers is equivalent to \$623,700 in earnings.² In terms of actual impact to the Ventura and Santa Barbara Counties economy, CSUCI student volunteers generated an impact of \$1.2 million in added income for the region in FY 2021-22, equivalent to supporting 36 jobs.

Alumni impact

 The education and training CSUCI provides for regional residents has the greatest impact. Since the establishment of the university, students have studied at CSUCI and entered the regional workforce with greater knowledge and new skills. Today, thousands of former CSUCI students are employed in Ventura and Santa Barbara Counties. As a result of their education from CSUCI, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, CSUCI alumni generated \$166.1 million in added income for the regional economy, which is equivalent to supporting 1,651 jobs.

Total impact

CSUCI added \$344 million in income to the Ventura and Santa Barbara Counties economy during the analysis year, equal to the sum of the operations, construction, and research spending impacts; the visitor and student spending impacts; the volunteerism impact; and the alumni impact. For context, the \$344 million impact was equal to approximately 0.4% of the total gross regional product (GRP) of Ventura and Santa Barbara Counties. This contribution that the university provided on its own is nearly half the size of the entire Utilities industry in the region.

CSUCI's total impact can also be expressed in terms of jobs supported. The \$344 million impact supported 3,405 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the \$344 million, or 3,405 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of CSUCI and its alumni in the Health Care & Social Assistance industry sector supported 405 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in Ventura and Santa Barbara Counties.

CSUCI impacts by industry (jobs supported)



CSUCI and its students supported **3,407 jobs** in Ventura and Santa Barbara Counties.

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



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 evaluates CSUCI as an investment from the perspectives of students, taxpayers, and society in California.

Student perspective



In FY 2021-22, CSUCI served an unduplicated headcount of 8,094 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 collective investment made by CSUCI's students in FY 2021-22 amounted to a present value of \$70.5 million, equal to \$35.4 million in out-of-pocket expenses (including future principal and interest on student loans) and \$35 million in forgone time and money.

In return for their investment, CSUCI's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average CSUCI bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$32,500 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 \$1.4 million in higher earnings per graduate. The present value of the cumulative higher future earnings that CSUCI's FY 2021-22 students will receive over their working careers is \$827.8 million.

The students' benefit-cost ratio is 11.7. In other words, for every dollar students invest in CSUCI in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$11.70 in higher future earnings. Annually, the students' investment in CSUCI has an average annual internal rate of return of 32.7%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.6%.

Students see a high rate of return for their investment in CSUCI



Average annual return for CSUCI students
32.7%



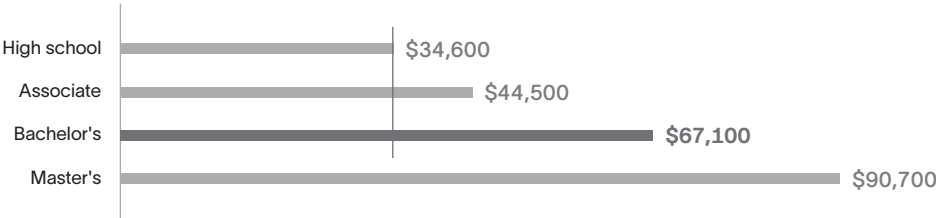
Stock market 30-year average annual return
9.6%



Interest earned on savings account (national deposit rate)
0.4%

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

The average bachelor's degree graduate from CSUCI will see an increase in earnings of **\$32,500** each year compared to a person with a high school diploma or equivalent working in California.



Source: Lightcast employment data.

Taxpayer perspective



CSUCI generates more in tax revenue than it receives. 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 CSUCI 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 \$336.3 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of CSUCI students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that CSUCI 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. CSUCI 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 CSUCI will generate \$69.5 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$405.7 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$130.4 million, equal to the amount of state and local government funding CSUCI received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 3.1. This means that for every dollar of public money invested in CSUCI in FY 2021-22, taxpayers will receive a cumulative present value of \$3.10 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 6.6%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in CSUCI, taxpayers will receive a cumulative value of **\$3.10** over the course of the students' working lives.

Social perspective



Society as a whole in California benefits from the presence of CSUCI 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 CSUCI 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



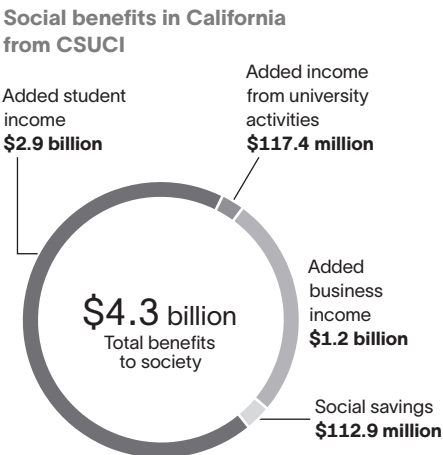
by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include 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 CSUCI equal a present value of \$4.3 billion. These benefits include \$2.9 billion in added student income, \$1.2 billion in added business income, \$117.4 million in added income from university activities, as well as \$112.9 million in social savings related to health, the justice system, and income assistance in California. People in California invested a present value total of \$225.6 million in CSUCI in FY 2021-22. The cost includes all the university and student costs.


The benefit-cost ratio for society is 19.2, equal to the \$4.3 billion in benefits divided by the \$225.6 million in costs. In other words, for every dollar invested in CSUCI, people in California will receive a cumulative value of \$19.20 in benefits. The benefits of this investment will occur for as long as CSUCI's FY 2021-22 students remain employed in the state workforce.


Summary of investment analysis results


The results of the analysis demonstrate that CSUCI 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 CSUCI. At the same time, taxpayers’ investment in CSUCI returns more to government budgets than it costs and creates a wide range of social benefits throughout California.



Source: Lightcast impact model.

	
Student perspective	
Present value benefits	
\$827.8 million	
Present value costs	
\$70.5 million	
Net present value	
\$757.3 million	
Benefit-cost ratio	Rate of return
11.7	32.7%

	
Taxpayer perspective	
Present value benefits	
\$405.7 million	
Present value costs	
\$130.4 million	
Net present value	
\$275.3 million	
Benefit-cost ratio	Rate of return
3.1	6.6%

	
Social perspective	
Present value benefits	
\$4.3 billion	
Present value costs	
\$225.6 million	
Net present value	
\$4.1 billion	
Benefit-cost ratio	Rate of return
19.2	n/a*

* 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 CSUCI 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. CSUCI 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, CSUCI 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 CSUCI, 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.

The results of this study demonstrate that CSUCI creates value from **multiple perspectives**.



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.