Arizona Community Colleges (ACC) create a significant positive impact on the business community and generate a return on investment to their major stakeholder groups—students, society, and taxpayers. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, the study calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2013-14.

INCOME CREATED BY ACC IN FY 2013-14 (ADDED INCOME)

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.2 BILLION</td>
<td>Operations spending impact</td>
</tr>
<tr>
<td>$300.0 MILLION</td>
<td>Impact of student spending</td>
</tr>
<tr>
<td>$13.0 BILLION</td>
<td>Alumni impact</td>
</tr>
<tr>
<td>$14.5 BILLION</td>
<td>Total impact</td>
</tr>
</tbody>
</table>

IMPACT ON BUSINESS COMMUNITY

During the analysis year, the colleges and their students added $14.5 BILLION in income to the Arizona economy, approximately equal to 5.6% of the Gross State Product. The economic impacts of ACC are described below:

Operations spending impact
- The colleges employed 17,623 full-time and part-time employees in FY 2013-14. Payroll amounted to $863.7 MILLION, much of which was spent in Arizona to purchase groceries, clothing, and other household goods and services. The colleges spent another $586.8 MILLION to support their day-to-day operations.
- The net impact of the colleges’ payroll and expenses in Arizona during the analysis year was approximately $1.2 BILLION in added income.

Impact of student spending
- Around 9% of students attending the colleges originated from outside Arizona. Some of these students relocated to Arizona and spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of students who relocated to the state during the analysis year added approximately $300 MILLION in income to the economy.

Alumni impact
- Over the years, students have studied at the colleges and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Arizona.
- The accumulated contribution of former students currently employed in the state workforce amounted to $13 BILLION in added income during the analysis year.
Return on Investment to Students, Society, and Taxpayers

**Student perspective**
- The colleges’ 2013-14 students paid a total of $358.7 million to cover the cost of tuition, fees, books, and supplies. They also forwent $1.9 billion in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the colleges, students will receive a present value of $11 billion in increased earnings over their working lives. This translates to a return of $4.90 in higher future income for every $1 that students invest in their education. The average annual return for students is 19.2%.

**Social perspective**
- Society as a whole in Arizona will receive a present value of $38.7 billion in added state income over the course of the students’ working lives. Society will also benefit from $591.2 million in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on the colleges during the analysis year, society will receive a cumulative value of $11.20 in benefits, for as long as the 2013-14 student population at the colleges remains active in the state workforce.

**Taxpayer perspective**
- In FY 2013-14, state and local taxpayers in Arizona paid $843.1 million to support the operations of the colleges. The net present value of the added tax revenue stemming from the students’ higher lifetime incomes and the increased output of businesses amounts to $2.8 billion in benefits to taxpayers. Savings to the public sector add another $207.1 million in benefits due to a reduced demand for government-funded services in Arizona.
- Dividing benefits to taxpayers by the associated costs yields a 3.6 benefit-cost ratio, i.e., every $1 in costs returns $3.60 in benefits. The average annual return on investment for taxpayers is 9.7%.

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**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 state. Based on the added income created by the colleges, the job equivalents are as follows:

- Operations spending impact = 24,918 job equivalents
- Impact of student spending = 6,340 job equivalents
- Alumni impact = 274,509 job equivalents
- Overall, the added income created by the colleges and their students supported 305,768 job equivalents.

**For Every $1 Spent By...**

| STUDENTS | $4.90 | Gained in lifetime income for STUDENTS |
| SOCIETY | $11.20 | Gained in added state income and social savings for SOCIETY |
| TAXPAYERS | $3.60 | Gained in added taxes and public sector savings for TAXPAYERS |